

# FINANCIAL TIMES

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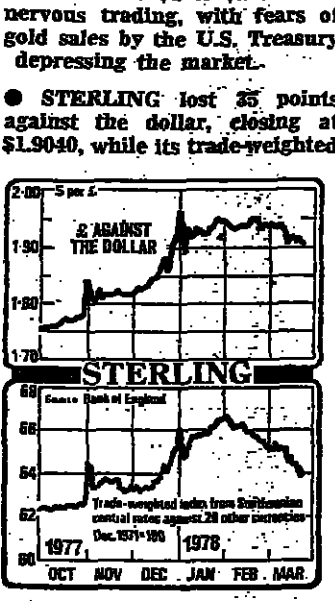
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## NEWS SUMMARY

**GENERAL**  
**Tanker threat to U.K. coast**  
The Channel Islands and South Devon are threatened by pollution from the Amoco tanker *St. James* which is leaking oil into the sea. The tanker is carrying 10,000 tons of oil and is being escorted by the British Navy. The U.K. coast is under threat from the tanker's leak.

**BUSINESS**  
**Gold off \$4 in nervous trading**  
GOLD fell \$4 to \$179.625 in nervous trading, with fears of gold sales by the U.S. Treasury depressing the market.



**James peerage**  
Sir Christopher James, former E.C. Commissioner, and Sir Peter James, former Attorney General, are among 16 life peers named by Downing Street. The list is the first of its kind from Mr. Callaghan, whose aim is to create more active members of the Lords. Page 8

**Hutto rioters**  
Uses, cars and a fire brigade were burnt out in Lahore. Supporters of the deposed Pakistani prime minister, Mr. Zulfikar Ali Bhutto, who is under the death sentence for murder, Police used tear gas and baton charges to put up the protesters. Page 4

**SAS aids Italy**  
The U.K. is sending two counter-terrorist experts from the Special Air Service to help hunt the kidnappers of Sig. Moro, former Italian Premier. The move, announced by the Ministry of Defence, is at the request of the Italian government. Terrorist measures. Page 2

**Printers return**  
West Germany's three-week printing dispute is over and newspapers should be back on sale today. Back: Editorial comment. Page 22

**Bulwark re-born**  
The 27,000-ton aircraft carrier *Bulwark* has started a ten-month refit after two years in mothballs. *Bulwark* will be used as a submarine hunter while the Navy's amphibious assault ships are being built.

**Klan leader goes**  
Bill Wilkinson, Ku Klux Klan Imperial Grand Wizard, was reported from the U.K. yesterday. Mr. Wilkinson, 34, had been arrested in Leeds and taken to London for questioning by immigration officials, who put him on an aircraft at Heathrow airport.

**Quick, quick, slow**  
British Rail launched its high speed train service to Edinburgh yesterday—at normal speed. The 25 mph service does not begin its earnest until May 8, when it will cut 40 minutes off the present five-and-a-half-hour journey.

**Briefly...**  
Five Americans were remanded in custody at Uxbridge charged with bringing heroin into the U.K. from Bangkok.  
The ombudsman has found an unbridled council guilty of injustice by allowing a 14-year-old girl in their care to be kept in a room for periods in excess of 14 days.  
A teenager who used his car for towing skateboards was fined 20 at Lymington, Hampshire.  
Joe Paul will not take part in the 1978 World Cup because of influenza, but he may be able to do so on Easter Sunday.  
A bible stolen by a German in 1941 in 1941 is being returned to its owner in a brown paper parcel.  
Five blacks died near Durban after drinking home-brewed beer, South African police said.

**Rise in profits comes to halt**  
RAPID RISE in profitability of U.K. companies in the first nine months of last year came to an abrupt halt in the final quarter. There was virtually no rise in trading profit net of stock appreciation in the fourth quarter, compared with a 13.9 per cent rise in the third quarter, seasonally adjusted. Back Page

**Companies**  
BOOKER McCONNELL increased pre-tax profits by 67 per cent to a record £24.93m. last year. Page 24  
HEPORTH CERAMIC lifted pre-tax profit to £26.72m. (£18.62m.) last year. Page 25

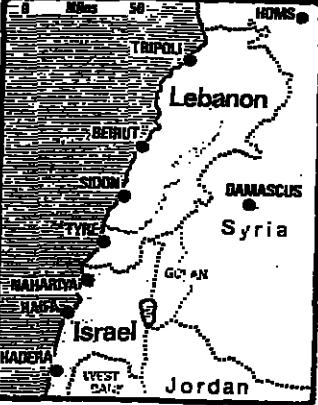
**CHIEF PRICE CHANGES YESTERDAY**

Prices in pence unless otherwise indicated		
ISLES:		
bbey Panels	32	+6
arage Bank	337	+7
atson Clark	160	+5
irmingham-Mint	65	+6
ourtney Pope	61	+4
onday Deep	137	+4
aglan Holdings	126	+5
TV N.V.	277	+14
ongkong, Sng. Bkg.	277	+14
odes Pride	34	+4
&P. Postor	212	+7
endon Scot. Finance	40	+5
ills & Allen Inc.	187	+4
arling	233	+5
ressic	30	+5
rimrose Ind.	78	+23
eynolds (W. J.)	45	+5
mart (J.)	47	+5
ue Finance	544	+3
Tate of Leeds	61	+4
United City Mchnts.	53	+4
BP	774	+10
Cons. Plants	128	+5
Malakoff	80	+6
FALLS:		
Treasury 11½ 1991	103½	-1
War Loan 5½	538½	-1
Whitel (H.)	213	-20
Willis Fader	278	-12
Yule Catto	30	-7
Doornfontein	247	-19
Durban Deep	172	-20
East Rand Prop.	261	-24
Gold Mines, Kalghe.	63	-5
Grootvlei	86	-14
Lendenburg Plat.	65	-11
Randfontein States	233	-11
Val Reefs	211½	-11
Venterspost	172	-20
Viakfontein	37	-6

## Israel to stay until south Lebanon is free of guerillas

BY DAVID LENNON: TEL AVIV, March 20

Israel consolidated her hold on the whole of south Lebanon below the River Litani to-day and made clear that she would not withdraw her forces until satisfied that the area would not be used again by Palestinian Arab guerillas.



After a Cabinet meeting Mr. Ezer Weizman, Minister of Defence, said Israel wanted to arrange a cease-fire agreement directly with a "sovereign" Lebanese Government. He added that the UN force being dispatched by the Security Council into the area after last night's resolution in New York would be welcome "if it could help". But Mr. Weizman carefully evaded questions about Israel's intentions, and the Cabinet clearly has serious doubts about the ability of UN troops to guarantee security in the danger zone. Fighting was still raging to-night south of the Litani. The armoured columns, which moved rapidly north yesterday, combed the area for guerillas trapped by the speed of the advance. The decision to move forward so fast was taken when it became clear that the UN would call for an immediate cease-fire and an Israeli withdrawal. Israeli artillery to-night was pounding the Palestinian-held town of Nabatiya, about 10 miles north of the Litani. Middle East troops deployed in the area were ordered to stay.

The Defence Minister told him that refugees could return to the area occupied by Israel. Gen. Silas said later that no timetable had been agreed for an Israeli withdrawal, but he hoped a symbolic UN force would move in soon, possibly tomorrow. He goes to Beirut tomorrow to consult the Lebanese Defence Minister and Chief of Staff. Gen. Gur said that 19 Israeli soldiers had been killed in the fighting. The Israeli army had killed 250 Palestinian guerillas, but suspected the total closer to 400.

## Leyland 'could return to profit in two years'

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

MR. MICHAEL EDWARDS, Leyland chairman, said yesterday that the company could return to profit in two years. He said the company was in a "critical" position, but he was confident that it could turn things around. The company's losses in 1977 were £2.6m. last year, they were £2.6m. The figures, which show total sales of £2.6m. last year, come only two days before the Government is due to state its position on British Leyland's request for a £2.6m. loan to help it pay off its debts. The company has a substantial U.S. equity and £2.6m. loans in the last three years. Mr. Edwards said the company was in a "critical" position, but he was confident that it could turn things around. The company's losses in 1977 were £2.6m. last year, they were £2.6m. The figures, which show total sales of £2.6m. last year, come only two days before the Government is due to state its position on British Leyland's request for a £2.6m. loan to help it pay off its debts. 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## EUROPEAN NEWS

## Italy Cabinet plans new anti-terrorist measures

BY DOMINIC J. COYLE

ROME, March 20.

THE ITALIAN Government today announced new anti-terrorist measures which are expected to be announced here tomorrow following a special meeting of the Cabinet.

The request, put to party representatives in private by Sig. Aldo Moro, the Interior Minister, coincides with the growing belief in political circles that "external forces" were involved in last week's kidnapping of Sig. Aldo Moro.

The official Communist Party daily, L'Unità, is now talking about "top-level powers, probably even outside our country," being involved in the kidnapping while Avanti, the Socialist newspaper, has reported that "a Francoist Cossiga, the Interior Minister, coincides with the growing belief in political circles that 'external forces' were involved in last week's kidnapping of Sig. Aldo Moro."

Even the ordinarily staid Christian Democrat organ, Il Popolo, sees guerrilla techniques of long-standing experience which are spreading throughout Europe... trained and armed by the Soviet Union. Not for the first time, the newspaper mentions an alleged terrorist training centre in Czechoslovakia, and Rome police have already indicated that some at least of Sig. Moro's kidnappers were armed with Czech weapons.

The search for the kidnappers continues to be centred mainly in the Rome area, and a third car used in the ambush, in which all five of Sig. Moro's bodyguards were killed, has been found.

Sig. Giulio Andreotti, the Prime Minister, presided today over a further meeting of the inter-ministerial committee on security which is now permanently in session, as is the central committee of Sig. Moro's own party.

The Turin trial of Red Brigades terrorists is to continue despite today's interruption, and one leading Left-winger in the Andreotti Cabinet, Sig. Carlo Donat Cattin, the Industry Minister, has insisted publicly that "there will be no deals."

An earlier statement purporting to come from the Red Brigades demanded the release of the Turin accused, although a later statement with a photograph of Italy's five-times Prime Minister in captivity, ignored this ultimatum, adding that Sig. Moro himself would be tried "before a people's court."

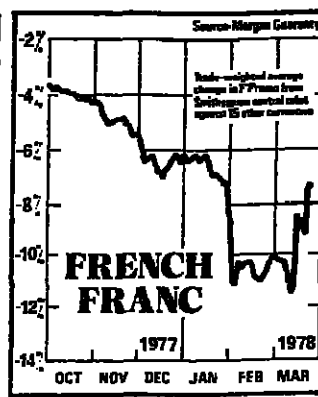
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## Shares up 5% on Bourse

By David Curry

PARIS, March 20.

THE PARIS Bourse celebrated the Government's election victory by marking up French shares by 5 per cent. in Friday's trading. This was less euphoric than the 9 per cent. rise a week ago which greeted the realisation after the first ballot that the Left was heading for defeat, but it takes the general gain over six trading days to beyond 20 per cent.

The shares of companies on the Left's nationalisation list again performed strongly. Thomson-Brandt and its subsidiary CSF gained 27 and 24 per cent, respectively last week, and both moved up again today. Boussier-Claf, Saint-Gobain, Creusot-Loire and the financial sector were also targets for buying.

The decline of gold on world markets, combined with its no longer being needed as a refuge of last resort following the election result, caused sharp declines in the prices of gold itself and of gold-linked gilt edged. The 4½ per cent. 1973 dropped through Frs.700 and the Napoleon coin continued its slide from a pre-election high of more than Frs.300 to reach Frs.235.

The French franc was marked up sharply at the opening today at around 4.55 to the dollar against 4.66 on Friday, but it slowly weakened during the day to end at 4.60. A similar pattern of a strong opening position being gradually eroded during the day was true of the price quoted for the D-Mark (2.260 to 2.26) and the Swiss franc (2.39 to 2.41) and sterling (1.67 to 1.71).

Dealers said that this evolution was probably influenced by some profit-taking and the fact that the election victory had been accounted for in large part in last week's rise. However, they remained confident in the strength of the currency over the next few months.

## French voters opt for safety

BY DAVID WHITE

PARIS, March 20.

THE POPULAR wisdom cited by leaders of France's Centre-Right, is that when it comes to the crunch, French voters would rather be safe than adventurous.

But on the basis of pre-election soundings, or even of last week's returns in the qualifying round of the Left's campaign, nobody would have bet on the overall balance between Left and Right in the National Assembly coming out so remarkably unchanged.

In the first ballot, the various left-wing parties, although faring far less well than expected, increased their share of the vote to 48.4 per cent, 3.5 per cent. more than at the same stage of the last parliamentary ballot five years ago.

How did the Government "majority" which came home with a barely reduced lead of 91 seats? Two factors emerge clearly from yesterday's poll, quite apart from the unequal distribution of voters per constituency which works in favour of the Right.

Firstly, the extra voters who made up Sunday's record turnout mostly came to support the centrist and right-wing candidates while the Left could call on no extra reserves.

Secondly, and perhaps most importantly, the last-minute pact cobbled together the day after the first round vote between Socialists, Communists and Left-wing Radicals failed to rally the parties' supporters behind the alliance.

The formation of election pacts — between Gaullists and Centrists, on the one hand, and

between the main Left-wing parties, on the other — worked better for the Government.

If Gaullist or Centrist voters willingly cast their ballot in the second round for a candidate from the other group, the same was less true of Communist supporters voting for Socialists — in Marseilles, for instance, the former Gaullist constituency of the Left, but by no means consistently.

For instance, in Clamart, a town just south of Paris, the Communist held the lead in the first round, backed up by a much-

outcome of many seats. The Ecologists, although gaining a disappointing 21 per cent. of the first-round vote, held the balance in several key constituencies. Their voters tended to opt for the Left, but by no means consistently.

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THE NEW NATIONAL ASSEMBLY			
	Seats 1978	Gains or losses over 1973	Second round vote %
Government			
Gaullist	148	-36	22.11
UDF	137	+22	22.18
Diverse	6	-6	1.42
Opposition			
Communist	86	+14	18.62
Socialist	103	+15	24.31
Left Radicals	10	-2	2.33
Extreme Left	1	-2	

Government majorities cannot be compared because of changes in alliance.

Source: Ministry of Interior

Improved Socialist vote. The Left held 6 per cent. of the largest score in the Paris region, and the balance which eventually fell in favour of the Majority's centrist candidate.

Overall, 37 seats — or in nine — were won on majorities of less than 51 per cent. Here, the fringe vote played a key part. So, in more than did the Socialists, and some constituencies, did the proxy votes of Frenchmen living abroad which the Government has been accused of gathering by irregular means.

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The Government parties managed to reinforce their position in traditional haunts in Alsace, the Lorraine, and the West. There were some exceptions, such as left-wing advances in parts of Brittany. But in the region as a whole, the Government held on to 20 out of 25 seats.

In Lorraine, despite the steel recession, the Government lost only two seats. These included that of M. Lionel Stoléru, Secretary of State for Manual Labour, who joined M. Marcel Cavallé, Transport Minister, M. Michel Poniatowski, former Interior Minister (and also M. Poniatowski's son) in the list of losers.

In Right-wing dominated Paris, the Communists lost four out of their seven seats, while the Socialists gained their first seat, edging out a leading Gaullist, M. Alexandre Sanguinetti.

The Left strengthened its hold in the North in the far South, and in the "crown" of industrial areas surrounding Paris.

But the pendulum which swung vertiginously to the Left in last year's local elections — giving Socialists and Communists most of the big towns — yesterday swung in the opposite direction. Cities such as Montpellier, Rennes, Besançon, and Saint-Etienne, which last year voted themselves Left-wing mayors, voted for Right-wing deputies.

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## ALTA'S ECONOMY

## Filling the gap when the bases close

BY GODFREY GRIMA IN VALETTA

FORE BRITISH military with volunteer labour organisations in Malta are completely original created for ed down in a year, two important tasks will engage the Maltese administration of Mr. Dom Stoff.

is urgently stepping up its to conclude a new accord with France, Italy, Libya and Malta, that would guarantee island's security and economic well-being. For the moment, the Maltese seem little concerned by Mr. Minto's assertion that the removal of foreign bases from Malta will prove equally their benefit and are therefore intent to provide Malta with economic aid.

second, the Maltese have to reassured that the closure of bases will not involve unnecessary political or economic problems. Having brought the island to the end of a 200 year era of British rule, the Maltese Government must convince its people that the fulfilment of its political goals will not be economically harmful.

For all the gains achieved, Malta will still be hard put to it to replace the £M28m. a year that will be lost from the bases.

major airport, highway, and assembly hall schemes, work is going ahead on the creation of a new shipyard and a 300,000-ton repair dock at a time when the bottom is falling out of the world's tanker market.

In keeping with pledges to reform education and introduce a student worker scheme, the island's 200-year-old university is to have all but two of its seven faculties dismantled. In future it will only turn out lawyers and priests, of whom already there appear to be more than enough.

The "pro-Government" newspaper, *Malta News*, has said of this: "In the short term the intelligentsia will have to be put in cold storage. Intellectual horizons can be broadened when the economic climate is favourable."

A number of professors and highly qualified teachers have decided to seek jobs outside Malta.

Because of a nine-month-old doctors' strike, more than 75 leading Maltese medical experts who lost their Government jobs have also left the island. Their jobs have been given to Arab and East European doctors who are costing the Government a lot of money.

Despite these problems, Mr. Minto's administration maintains that "the island's date with destiny" is postponed. Not only are there 4,961 registered unemployed but an estimated 8,000 are still employed.

## CRISIS IN SOUTH LEBANON

## Iraqi aid arrives for PLO

By Our Foreign Staff

AS IRAQI aid for Palestinian guerrillas started to arrive in war-torn southern Lebanon, Foreign Ministers of the "Steadfastness Front"—Syria, Algeria, Libya, South Yemen and the PLO—met in Damascus yesterday to discuss the Israeli invasion of the area.

Mr. Abdull-Halim Khaddam, Syria's Deputy Premier and Foreign Minister, opened the conference on Sunday night and called on Arab states "to assume their responsibilities by sending troops through or across Syria to reinforce the armed struggle of the Arab nation."

Meanwhile, Iraq—not a member of the "Steadfastness Front"—has already begun to transport supplies to the Palestinian commandos who have fewer weapons and men than the Israeli invasion force in southern Lebanon.

It is not known what type of weapons or equipment are being supplied to the guerrillas but convoys are expected to arrive in the battle area at the rate of one a day.

In Damascus, the "Steadfastness Front" meeting has split into two groups to discuss the crisis: a political commission at the level of Foreign Ministers, and a military commission at the level of Defence Ministers or their deputies.

The meeting is taking place at the initiative of Syria, who wanted to "consolidate" the "Steadfastness Front" and to co-ordinate their approach to the Israeli invasion of South Lebanon.

Commenting on the Security Council resolution to send UN troops to South Lebanon, the Syrian Government daily *Tishrin* warned yesterday that "in spite of that resolution, and supposing it is implemented, who can guarantee that Israel will not resort to the same kind of aggression?"

The struggle in the Middle East has come to the point at which the condemnation of Israeli aggression is no longer sufficient nor effective. What is really needed is a resolution forcing Israel to withdraw from the territories it has captured in her 1967 aggression.

## Grim outlook for the peace-keepers

BY ROGER MATTHEWS

BEIRUT, March 20.

IF THE United Nations force in southern Lebanon is to have any real effectiveness it must have the authority to engage in combat. It is extremely well equipped, highly mobile and vigorously commanded. This was the view of military experts here awaiting the advance party of UNIFIL (United Nations Interim Force in Lebanon).

The tasks facing the UN troops will first have to await the cessation of hostilities between the Palestinians and the invading Israeli troops. This in itself could be time consuming.

Israel's new northward thrust to the Litani River has meant the occupation of another sizeable portion of Lebanon, although not the control of it. The terrain is perfect guerrilla country: very

hilly, wooded in parts and with only a limited number of roads along which mechanised units can move.

Therefore, although 2,000 or 3,000 Palestinian guerrillas and their sympathisers may be technically trapped south of the Litani, this does not mean that the Israelis can flush them out quickly. And if they attempt to do so they face more of the politically damaging casualties that they have been trying so hard to avoid since the invasion began.

Whether the Palestinians or the Israelis will fully accept a ceasefire is questionable. The Palestinians as an irregular force, "fighting haphazardly" as they put it, cannot guarantee that once the political decision to stop fighting has been taken all units would obey. It has no control at all over some of the combat elements.

The Israelis also must know that if they are to obey the UN

resolution demanding their withdrawal they will have to leave behind in the area between the Litani and the border some well armed guerrillas, something which will be politically difficult for them to accept.

But presuming that the UN troops do eventually get in—the best estimates are that it will take them ten days to a month to achieve any sort of effective presence—it then has to be decided whether they are fully military in function as well as form.

Southern Lebanon is traditionally an area where every family possesses at least two guns, and there is no way that the Israelis or the UN troops can either disarm them or discover all the guerrillas' arms caches. So the UN force will inherit a partially armed population, a number of guerrilla fighters from different Palestinian factions and, of course, their bitter enemies of

the Lebanese civil war, the Right-wing Christians.

The present UN observers stationed on the border with Israel have suffered regular humiliations and some serious injuries at the hands of the combatants. In order to prevent this, to maintain authority, and to deal with outbreaks of violence, the UN force will have to do more than ask any warring parties to stop fighting.

As the price of withdrawal, Israel is demanding that the Palestinian guerrillas not be allowed to come flooding back in. If that be accepted, the UN troops must have the power to search, arrest and, to a large extent, police the return of the tens of thousands of people who have fled their homes. The refugee problem in Lebanon has become so vast in the past week that this has to be an immediate priority.

In turn, this raises further

difficult questions about the composition of the UN force, and its geographic disposal. Who would best handle the Christians, aided economically and militarily by the Israelis, and who the Palestinians and the Lebanese? How is the balance struck between a force that is large enough to control the region but is not so great that it can be accused of becoming a major political influence?

Opinions vary about the number of troops and the amount of equipment needed. However, the present figure of 4,000 is thought to be an absolute minimum and perhaps 7,000-10,000 would be rather more adequate militarily, given the difficulty of the terrain and the mass of scattered villages and hamlets all of which will need patrolling.

Armoured vehicles, artillery, helicopters and sophisticated communications equipment are all considered vital.

The six month cost of the operation is given as \$68m, and the Soviet Union has insisted that it should be for a limited period. But as the Lebanese Government has no authority in this country, as the Palestinians do not intend to stop fighting for the right to a homeland, as the Arab world is in disarray, and because of Israeli attitudes towards peace in the last four months, the chances for the latest UN peace-keeping force in the Middle East may appear slim.

Our Foreign Staff writes: Lt-Gen. Eustio Siliassuo of Finland, who is chief co-ordinator of all UN peace-keeping missions in the Middle East is to begin immediate talks on the withdrawal of Israeli troops from the south of Lebanon as long as this is what the Lebanese Government wants.

Analysts believe Syrian co-operation in ensuring Palestinian co-operation will not be forthcoming unless Damascus is assured that Israel will withdraw its forces from the south.

Washington has informed the Lebanese Cabinet was holding an emergency meeting today under President Sarkis to consider the developments.

The authorities have been mainly pre-occupied with the problem of refugees, whose number has risen to well over 200,000, according to Mr. Assad Rik, the Minister who heads a special Government committee for helping them.

As far as the domestic situation is concerned, the Syrian role is now crucial. According to informed diplomatic sources, the U.S. has urged Syria to get the guerrillas to agree to a cessation of hostilities in the south and to co-operate in the fulfilment of the Security Council resolution.

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## Christians and Moslems divided over UN decision

BY HSHAN HIJAZI

BEIRUT, March 20.

AS Lebanon awaited the arrival here of UN peace-keeping forces, Christian and Moslem leaders were divided about the move.

Two Moslem leaders and former Prime Ministers, Mr. Saeb Salam and Mr. Takkeddin Solh, have welcomed the UN Security Council resolution to dispatch the forces here. But top Christian leaders have immediately expressed reservations—insisting the only possible solution is complete elimination of an armed Palestinian presence from Lebanon and reflecting perfectly the Israeli viewpoint.

Ex-President Camille Chamoun said those who were behind the resolution (meaning the U.S.), did not understand the problem.

He had lunch today with Mr. Richard Parker, American Ambassador, to discuss the matter.

Mr. Pierre Gemayel, the head of the Phalange Party, the country's principal Christian paramilitary organisation which fielded the largest number of militia to fight the Palestinian guerrillas and their Lebanese Moslem allies during the recent civil war, said the stationing of UN troops here "will not end the disaster."

Behind the Christian reservations is a concern that Christian-Palestinian friction may recur now that the guerrilla forces have been driven out of the south by the Israelis and closer to the Lebanese interior.

Outside Bint Jbeil, Israeli-held Lebanon: Soldiers from the rabbinical corps collect corpses of guerrillas.

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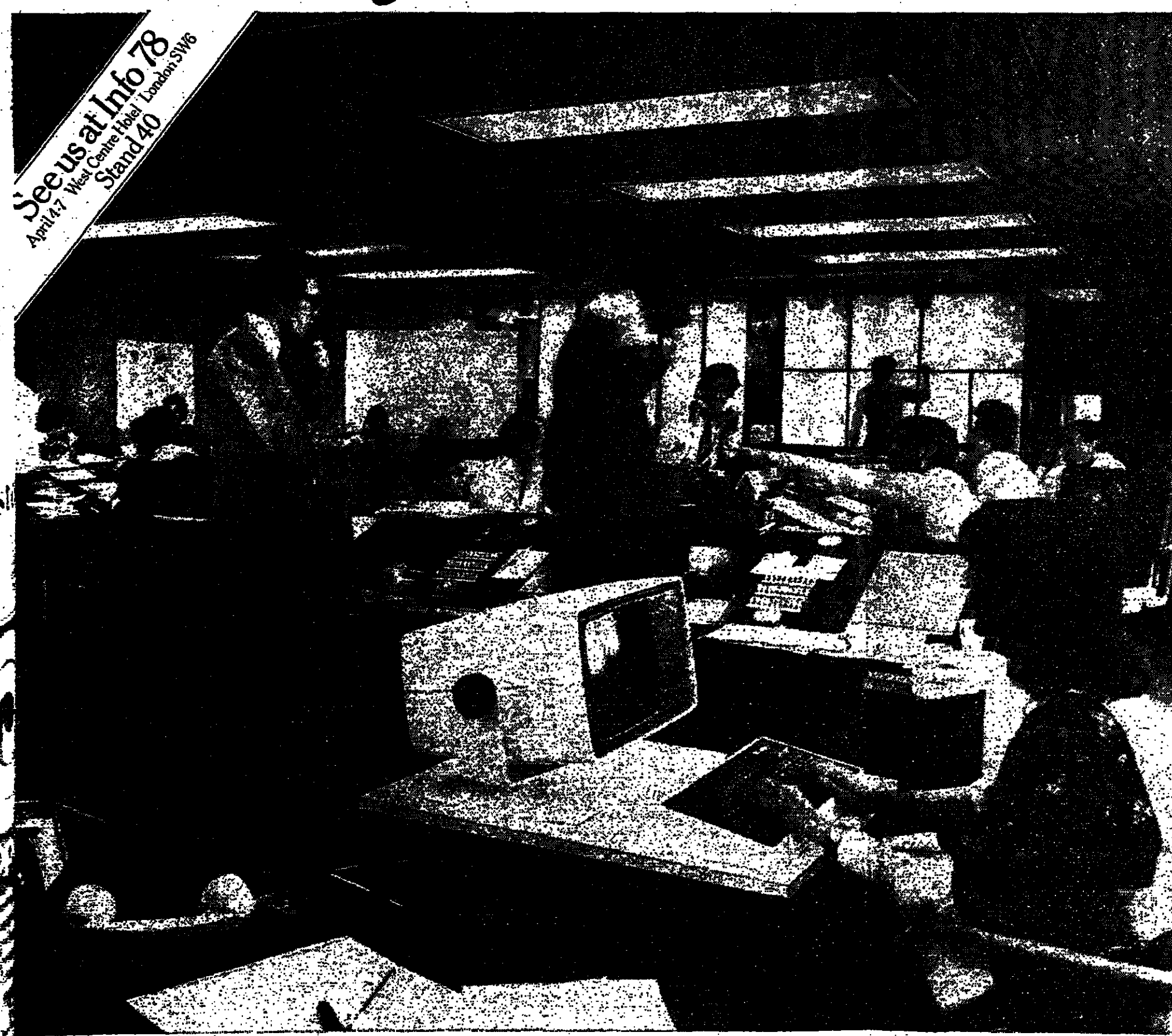
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## HOME NEWS

## New offshore licence round likely soon

BY RAY DAFTER, ENERGY CORRESPONDENT

PLANS FOR A new series of offshore oil exploration licences are likely to be announced in the next few weeks.

The oil industry is confident that the new blocks to be offered under the sixth round of licences will include prospects in the North Sea and promising structures to the West of Shetland and in the Western Approaches—two areas to be investigated more fully this summer.

However, there is concern among oil companies that the Energy Department plans to change the rules of offshore exploration and allow the State-owned British National Oil Corporation to have a majority stake in sixth round blocks without having to pay its full share of exploration costs.

Under the fifth round of licences—now being formally awarded—the corporation must pay 51 per cent. of the exploration costs on blocks in which it has a majority interest.

The idea, which now appears to be emerging from Whitehall, is that in future licences the corporation will have a carried interest in concessions through the exploration phase.

## Development

This will mean that the corporation will be a partner in licences but it will not be expected to fund operations until a field has been found and declared commercial. Then it will be expected to pay its share of development costs if it wishes to remain a partner.

In addition, it might also be required to pay its share of past exploration costs.

A number of companies have been told by Government officials that these conditions should not be onerous as many of the offshore operators will be able to offset exploration costs against tax due on other North Sea interests.

However, oil companies say that the new rules would make offshore exploration less attractive.

Within Whitehall, Treasury officials have questioned the need for the Corporation to pay for exploration when it is known that oil companies would be prepared to foot the bill.

The Corporation already has a heavy investment programme arising from interests in licences issued in earlier rounds.

The Corporation is planning

to extend its offshore involvement in two ways. It will soon be issued with exploration licences of its own; concessions that will be awarded outside the normal licensing rounds.

Any oil found in these concessions will be exploited in the national interest without commercial pressures from private companies.

Second, the Corporation is expected to be granted a right of first refusal when any company offers to sell a part of the whole of its interest in a licence.

These two developments and the plans for the sixth round of licences are likely to be announced in Parliament shortly after the Easter recess.

## Anxious

Meanwhile, Continental Oil and the British Gas Corporation are planning to share the risks on an exploration well in the English Channel.

The well is likely to be drilled on Block 95/22 to the south-west of the Isle of Wight where British Gas has sole interest.

Conoco and the corporation which are licensees on the Block 95/22, will share the costs if present negotiations are successful.

It is thought that the two blocks share a common geological feature. As no company has yet drilled in that offshore area, the companies are anxious to obtain more information about oil prospects before spending large sums on a full exploration and appraisal programme.

To the west of the Shetland Islands, British Petroleum and its partners are to drill two further wells this summer on Block 206/8 where the group has made a promising oil discovery.

BP has a 40 per cent. interest in the block which is thought to contain the bulk of a structure with possible oil reserves in excess of 450m. barrels. Chevron (40 per cent.) and Imperial Chemical Industries (20 per cent.) are the other two partners.

The oil located in the block is fairly heavy, but with very little sulphur. However, on the evidence of the first well the permeability of the structure does not allow the oil to flow very well.

As a result, the partners are uncertain about how much of the oil in place can be recovered, and how quickly the crude can be extracted.



Two members of Friends of the Earth, the environmental pressure group, dressed in protective clothing and carrying radiation level testing equipment, handing out leaflets in Central London yesterday. The leaflets give information about a demonstration to be held next month to protest at the planned expansion of nuclear fuel reprocessing at Windscale, Cumbria.

## Nuclear waste disposal 'safe in short-term'

BY LINTON MCLEIN

METHODS of processing and storing radioactive waste from nuclear power stations are safe but not a satisfactory long-term solution, the Electrical Power Engineers' Association said in a report published yesterday.

The association represents engineers who run Britain's power stations. They say there is no alternative to the use of nuclear fission for future power generation.

The report gives reassurance over the possible dangers from radioactivity which may arise as a result of the expansion of Britain's nuclear power generation programme up to the year 2000.

The risks of health damage for

workers in the industry and the public near nuclear plants were lower than those accepted by workers in other industries.

The present on-site storage of nuclear waste would give way to acceptable methods. These would become available by the end of the century as a result of programmes under way.

## Fifty deaths

But delays of several decades would occur before redundant nuclear reactors could be dismantled and the site made available for unrestricted use.

By the end of the century, when Britain might have 55,000

megawatts of nuclear generating capacity, the risk to the 60m. population would be no greater than that of being struck by lightning. There would be a maximum of 50 deaths a year.

Plutonium created problems which were considerable. But since the effects of plutonium have been studied more intensively than any other radioactive substance, the working party concluded that there was no justification for alarm.

The risks of fissile material falling into terrorist hands must never be underestimated but it was feasible to safeguard the security of all potential targets to the required level.

## Drummond is given more time

FINANCIAL TIMES REPORTER

DRUMMOND Investors, the financial services company which is subject to a petition for winding-up, has been given more time to complete a scheme of arrangements by the court.

Mr. Justice Oliver in the High Court yesterday granted an eight-week adjournment, until May 15,

of a petition by Mr. and Mrs. Stanley Swift of Greenhill, Weymouth, who are creditors for £1,950. There are eight supporting creditors with claims totalling about £10,500.

Mr. Robert Reid, the life company, said the basis of the scheme was that the latter of the sole director would establish a fund of about £15,000 which would pay existing creditors,

other than his son, about 50p in the pound.

Mr. Nicholas Underhill, for Mr. and Mrs. Swift, opposed the scheme, under which his clients would recover less than £1,000, while at the same time have to pay the costs of the petition. He added that there was reason to believe that the company was not even good for the costs of the petition.

## Atlantic air traffic expected to rise 15% this year

BY MICHAEL DONNE, AEROPACE CORRESPONDENT

AIR-PASSENGER traffic between the U.K. and the U.S. is expected to rise by at least 15 per cent. to over 41m. this year, largely because of the spread of cheap flights on the route.

Mr. Edmund Dell, Trade Secretary, commenting in the Commons yesterday on the new Anglo-U.S. Atlantic air-services agreement signed last week, said that it had maintained the high level of London as the premier air gateway into Europe.

Although under the agreement the U.K. has accepted an increase in the number of routes on which cheap fares can now be offered, the belief in Whitehall is that Britain has achieved as much as it could in the light of the strong U.S. political trend towards cheap fares both domestically and internationally.

It is stressed in London that all the new cheap fares, to Philadelphia, Boston, Chicago, Detroit, Los Angeles, San Francisco and Washington as well as New York, are experimental, and that they will be reviewed in October or November.

## Cautious

If by then they are found to be causing too much loss of revenue to the airlines—many of whom are already losing money on the North Atlantic route—the new rates may be substantially amended, although it is unlikely that they will be dropped entirely.

As well as the Anglo-U.S. review next autumn, there will be an additional multi-national review of all Atlantic fares, between the U.S., U.K., Canada and European countries, in Ottawa late this year.

While the main airlines—British Airways, British Caledonian, Pan American and Trans World Airlines—have all welcomed the new extension of cheap Atlantic flights, some are being cautious.

Mr. Gerry Draper, director of commercial operations for British Airways, said that the airline would have liked a full summer's experience with cheap flights on the New York route, before extending them to other destinations.

"We need to learn where the peaks and troughs of the market are going to fall. Moreover, we are not convinced that stand-by fares are really what the public ideally wants anyway. We think they would really like a reserved seat as well."

"Our problem, and that of the whole industry, is to meet this perfectly reasonable pressure for lower fares without losing more money than we earn."

"We have to find a way of offering low fares. If necessary, with quite simple standards of service, and still earn enough to pay the enormously expensive equipment we need."

It is estimated that while the number of U.K.-U.S. passengers may rise by 15 per cent. this year, airline revenues may rise by only 3 per cent.—and even this may be eroded by inflation.

The extension of cheap flights may also seriously erode the capability of the independent charter operators to compete with the scheduled airlines, in spite of the new Anglo-U.S. charter pact, also signed last week, which improves operating conditions for charter airlines.

## Building orders down 7% on previous year

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE FLUCTUATING PATTERN of new orders for the construction industry was repeated in January, says the Department of the Environment.

Orders received last year showed a 7 per cent. decline from 1976, the value of construction output last year fell by about 3 per cent. Only a modest improvement over last year is expected this year.

Provisional figures indicate that the price value of orders for contractors in January was £871m., against £901m. in

December. The figure is a near repeat of last November's total.

The Department says that expressed at constant prices total new orders from November to the end of January were 9 per cent. higher than in the previous quarter, and 3 per cent. up on the same period a year ago.

New orders in the public housing sector, in the latest quarter under review, rose by 15 per cent. over the preceding three months and 6 per cent. over November-January a year earlier.

## Unit trust sales down

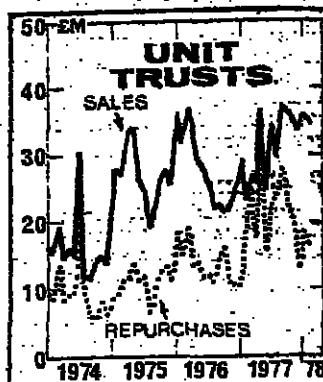
By Eric Short

UNIT TRUST sales in February fell slightly from the high level of the previous month. They were down by nearly £2m. in £34.6m.

Nevertheless, this value confirms that the unit trust industry has seen over the first months of last year has continued.

Sales, during the first two months, at £70.5m., are nearly 30 per cent. higher than in the corresponding period last year.

Repurchases in February showed a substantial drop from the previous month to £18.9m. from £19.1m. resulting in net



new investment during the month, at £17.7m., being slightly higher than January's value of £17.2m.

Net new investment so far this year is more than double that for the same period last year.

Total value of funds employed by the industry at end-February amounted to £5,541m., compared with £3,960m. at the end of January. This fall occurred in spite of a rise in the number of unit holders accounts to 1,965,000 from 1,961,000.

The fall arose mainly from the decline in equity values over the month when the FT Industrial Ordinary share index shed 5 per cent.

Mr. Edgar Palmountain, chairman of the Unit Trust Association, said that the figures were even better than expected. "The level of sales is very high compared with the high levels of last summer, showed that investors had settled down and sales were remaining buoyant, since February was a short month."

In particular, investors were finding the U.S.-oriented trusts attractive.

## Shipyards 'must be maintained'

By Our Glasgow Correspondent

A WARNING that Britain and industrial Europe might have to rely on foreign shipyards for the means to carry their trade was given yesterday by Mr. A. Ross Belch, managing director of the Scott-Lindsay group and a Board member of British Shipbuilders.

He told Glasgow Chamber of Commerce that if the British shipbuilding industry was to survive the next two to four years, there would have to be expanding use of artificial stimuli to attract new orders.

In an attempt to counter EEC pressure on Britain to reduce its shipbuilding capacity, Mr. Belch criticised the idea that the U.K. should opt out of shipbuilding, wholly or partially, leaving the way clear for Japan, Korea, Brazil and other countries to supply British ships.

While a shipyard could be mothballed, its workforce could not. The only two alternatives open to the industry today were to pack up and get out, or try to weather the storm by using a range of devices and expedients until the market picked up.

It was unthinkable that British shipyards should shut up shop. The industry had to be maintained at its present level, whatever the means necessary.

The British industry now had an order book of about 1.5m. gross tons, providing work for about 18 months. But world demand very likely would fall this year and next from about 20m. compensated gross tons to not more than 17m. tons.

"If this is true, it means that only about one-third of our shipbuilding capacity will be needed in the next few years."

Mr. Belch called for the advancement of some naval orders to help yards through the crisis. And the industry had to diversify—particularly into the new markets offered by offshore oil.

Most of all, the British shipowner must be encouraged to place orders at home.

"I believe the development of ever-closer links between U.K. shipowners and shipbuilders is central to any practical survival strategy and could, in the long run, be a key to the country's economic expansion," Mr. Belch said.

## Ambulancemen work to rule

CHESHIRE ambulancemen will begin working to rule today because of a reduction of £100 in their bonus payment.

The drivers will still take patients to hospital, but will not collect them. There will be only emergency transfers between hospitals, but 999 calls will still be covered.

## "The bald fact is, we had 125,000 replies from one ad in Radio Times; 50,000 more than we expected."

Peter Brown, Marketing Director, Louis Marx and Company Limited.

"The product in question was Playpeople. Which, in case you're not a parent, is (or are) small, articulated figures, with interchangeable parts. Truth is, they're immensely successful all over the world. In 1977 they were voted Toy of the Year."

"Yet advertising them isn't simple. The reason is, on their own, they're just another toy. It's the child who makes them come alive; he improvises, he imagines, he invents. And though we've a huge range, from cowboys to firemen, from nurses to patients, their real world is entirely in the child's mind. Of course, that's their magic. But how can a child know they're magic if he hasn't got one? Our advertising agency, Norman, Craig and Kummel Limited (having diligently researched the problem) came up with the answer: 'Give them away, they said. Let parents see how keen their children are, and they'll do the rest.' A free sample, of course, meant a press campaign. So, on their advice, we took a single (carefully contrived) black and white whole page ad in Radio Times."

"The king of the Playpeople spoke out to parents: 'He offered a free Playperson for the price of postage and packing. And bingo, a population explosion. We had hoped for 75,000 replies. We got 125,000. That meant 7% of our target audience took the trouble to reply. (We were aiming by the way, at those readers of Radio Times who are mothers of children up to fifteen.)"

"In any terms it was a huge response. It says a lot for our product. It says a lot for our agency. And it's not exactly mute about the power of Radio Times."



This advertisement is one of an occasional series of case histories from Radio Times. For further information contact Head of Advertisement Department, BBC Publications, 35 Marylebone High Street, London W1M 4AA. Telephone 01-563 4535.

## Tighter control of degree courses urged

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

PLANS TO tighten control over degree-level courses, cutting more than £400m. a year in England and Wales were published by the Government yesterday.

The proposals — from a 27-strong committee headed by Mr. Gordon Oakes, Education Minister — cover higher education, provided by polytechnics and colleges run by local authorities.

Since these institutions are attended by students from other areas, their costs are "pooled," met partly by local authorities which have no managerial discretion over courses.

The Oakes Report aims to replace the loose pooling

arrangement by a national body of 25 to 30 people, with supervisory powers over most expenditure — and to a lesser extent over the subject "mix" — of non-university education.

A top limit would be set on each year's recurrent spending on courses. This would be done through the new national body, which would advise the Education Secretary on the total non-university provision required.

At first, 95 per cent. of the expenditure would be contributed through a revised pooling arrangement involving local authorities, with the remaining 5 per cent. being contributed by the authority in whose area the

educational institution was. In the second year of the scheme, the "home" local authority would contribute 10 per cent., and after that, a maximum of 15 per cent., with the remaining 85 per cent. provided through the national scheme.

Industry and commerce would have only a small representation on the new body. While other minorities would be nominated by the main union concerned and the polytechnic directors' committee, the strongest contingents would be appointed by the Government.

The Government would also nominate the chairman, and local authority associations. Although the scheme does not

grant the 36 polytechnics independence from local authority control, it includes a provision which an authority running a polytechnic can volunteer to have it taken over by the national body, which would be empowered to employ its staff.

The plan also proposes closer coordination of local authority higher education with that provided by universities, both through national consultations and through a system of nine revamped — regional advisory councils.

Reports of the Working Group on the Management of Higher Education in the Maintained Sector — Cmd 7130, S.O., £1.35.

## City staff cost more to house

IT COSTS more than £30 a week in rates alone to pay for every City of London office employee, according to the latest City rent and rates survey by the surveyors Debenham Tewson and Chinnocks, writes John Brennan.

The survey shows that rising City office rents in the past year have reduced the proportionate rate charge for employees. But, at an average modern office rent of £15 a square foot, it now costs £1,800 a year to house a single member of staff in the City, and a further £1,064 a year in rates.

In the West End, overall costs per employee for prime office space run to £1,709 a year, £1,200 rent and £509 a year in rates. In Victoria, the figures are about the same, with rent per employee of £1,200 and rates of £479 a year.

## Thatcher hopes for straight Tory victory

MRS. MARGARET THATCHER, Opposition leader, said yesterday that she hoped the Conservative victory result would be reflected in Britain's next General Election.

She told party workers at Southport: "I would settle for the kind of result they had in France, with about a 90 majority. We want a straight Conservative victory, so that we can have clear government for the next five years and people know exactly where they are going."

Mrs. Thatcher said she thought Mr. Callaghan and the Liberals had a common interest in not going to the electorate because they were frightened of losing.

## Tesco to develop hypermarket

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

TESCO has been chosen to develop London's first hypermarket, a 300,000 sq. ft. store, behind Wembley Stadium.

The 46-acre site will also become the home of a freight centre in a £10m. development plan.

Tesco, advised by James Leslie and Co., London agents, bid originally for development of the site in partnership with the Bernard Sunley Investment Trust. But Sunley has been dropped by British Rail in favour of Kyle Stewart, Wembley developer, which is to create a 500,000 sq. ft. storage, transport and parking complex on 30 acres of the former local works.

The freight depot development forms part of the Greater London Council's strategic transport plan for central London and has the support of British Rail.

The depot and the 100,000 sq. ft. hypermarket, which will have parking space for 1,000 cars, are to receive detailed planning permission from Brent Borough Council.

## Miniature fetches £5,500

A SOTHEBY'S auction of miniatures yesterday totalled £87,723 with a highest price of £5,500 (plus the 10 per cent. buyers premium) for a miniature of King James I by Nicholas Hilliard.

Eight years ago it sold at auction for £1,500. The same price of £5,500 secured for Mrs. du Pont a miniature of Benjamin Franklin by Joseph Gaye. It is a copy of the original portrait of Franklin by Greuze which Mrs. du Pont also owns.

Other top prices were £3,000 for a John Smart miniature of a young lady and £2,000 for a framed group of some early 19th-century Italian miniatures. Leggett, bidding on behalf of the National Portrait Gallery, paid £180 for a miniature of Johann Cramer.

A Derby botanical part dessert service, each piece painted in the manner of John Brown with specimen flowers named on the reverse, realised £2,800 in a sale of English porcelain at Christie's yesterday. It was the top price in a sale which totalled £35,160.

Sorinelli, the Hallifax dealer, paid £1,500 for a Worcester pair of tea and coffee service, each piece transfer-printed in lilac

after Robert Hancock. Bowden, from London, paid £1,100 for a rare Rockingham figure of a swan and Sewell paid £1,050 for a Ridgway part dessert service, the centre painted with bouquet of flowers on a brown ground.

A pair of Worcester apricot-ground, flared flower-pots went to Graham and Orley for £950. A two-session sale of Roman

from 11 Alexandrian terracotta female figures, each illustrating a different feminine coltura, dating from about 1 BC-AD.

Phillips held a sale of water colours totalling £31,785. Maas paid £3,000 for an 1856 pencil and chalk drawing by Dante Gabriel Rossetti of "Ellen." In 1897 it sold at Christie's for £2 10s. A water colour, "Sweet Summer Time," by George Goodwin Kilburne, sold to Wood for £3,000.

## SALEROOM BY ANTONY THORNCROFT

oil lamps and antiquities from Egypt, also at Christie's, raised a total of £38,826.

An anonymous bidder paid £1,100 for an Egyptian Middle Kingdom wood figure of a man, standing with his arms by his sides and Mansour the London dealer, paid £800 for a large Graco-Egyptian terracotta figure of Isis-Aphrodite. 20th high.

A Romano-Egyptian limestone head of a young man crowned with a laurel wreath, dating from about 300 AD, sold for £500 and Sallam, the Bath dealer, paid £450 for the head

## Ever Ready price rise cut to 2%

EVER READY was banned yesterday from putting the price of its dry batteries up by more than 2 per cent.

The order by Mr. Roy Hattersley, Prices Secretary, is the first of its kind under powers created by the 1977 Price Commission Act.

The company wanted an average price rise of 7 per cent., but the Price Commission recommended restricting the increase to a maximum of 2 per cent. until August 30.



# Leyland engineering division profit only 75% of target

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE HIGH-FLYING performance of Leyland's engineering division, which last year achieved a profit of only 75 per cent of its target, has been a surprise to many. The division, which is the largest in the company, achieved a profit of £188.7m against a target of £245m. The profit was 75 per cent of the target, which was a surprise to many. The division, which is the largest in the company, achieved a profit of £188.7m against a target of £245m. The profit was 75 per cent of the target, which was a surprise to many.



Mr. Michael Edwards, chairman of British Leyland, speaking yesterday at the opening of the £7.5m. computerised diesel engine testing facility in Lancashire. On the left is Mr. David Andrews, Leyland executive vice-chairman, and on the right, Mr. Des Pitcher, managing director of Leyland's bus and truck division.

SP1, Britain's eighth-largest engineering business, achieved a profit of £188.7m against a target of £245m. The profit was 75 per cent of the target, which was a surprise to many. The division, which is the largest in the company, achieved a profit of £188.7m against a target of £245m. The profit was 75 per cent of the target, which was a surprise to many.

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## Equipment

The rise in the value of sterling particularly hit the construction equipment division which includes Aveling-Barford, Aveling Marshall Goodwin Borsari, and Barfords of Belton, and exports more than half its output by value.

## New investment 'will cut costs by 40%

BY TERRY DODSWORTH

MR. DES PITCHER, managing director of Leyland Vehicles, British Leyland's truck and bus manufacturing operation, said yesterday that investment in a new assembly hall for the group's heavy vehicles would reduce the average work content in a truck by 50 per cent, and cut material holding costs by 40 per cent.

"We find with others that, when the figures are better, it is because the capital spent is up to 10 times higher than ours. We are committed to in-house component manufacturing, and in line with other major European truck-makers, we have to pursue that policy to maintain overall profit margins and to get the best returns on investments."

## Disputes at suppliers hit results, says Edwardes

BRITISH LEYLAND profit before interest and tax was £56.7m, after charging amortisation and depreciation of £82.2m, said Mr. Michael Edwards, British Leyland chairman, said yesterday.

The group is being reorganised, so that heavy vehicle manufacturing is concentrated at Leyland, medium and light in Scotland, off-road vehicles at the old Scannell plant, Watford, overseas bus chassis at Wolverhampton, and passenger vehicles at Southall.

## Greenwell outlines problems of dollar

By Michael Blandon

THE PROBLEMS of overcoming the weakness of the dollar are underlined in the latest monetary bulletin issued to-day by W. Greenwell stockbrokers.

## £13.5m. plan tabled to ease Sumburgh airport congestion

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

PLANS to alleviate the severe congestion at Sumburgh airport, the main point of entry into the Shetland Islands, will be considered by the Shetland Islands Council when it meets in Lerwick on April 26.

## Law urged to stop boredom at work

Financial Times Reporter

LEGISLATION designed to help prevent the mental illness that can be caused by boring industrial jobs might have to be enacted before the end of this century, Sir Monty Finniston, former chairman of British Steel, told the Royal Society of Arts yesterday.

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"I want a compact, versatile copier...and superb reproduction!"

"I want a choice of reduction ratios and superb reproduction!"

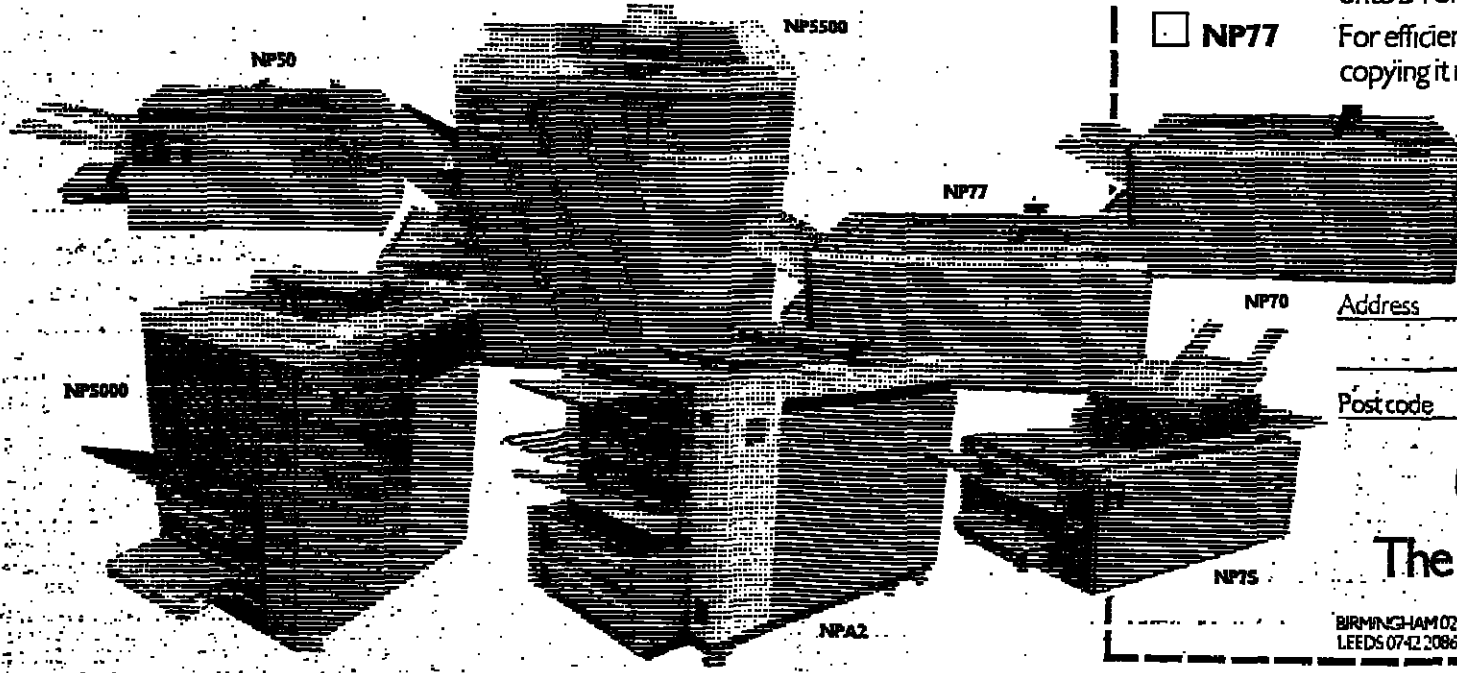
"I want reliability that's second to none...with superb reproduction!"

"I want to copy up to 50 originals automatically...with superb reproduction!"

"I want copies as large as 18x24...and superb reproduction!"

## Funny how everyone wants the same thing from a copier.

When you ask anyone what they want from a copier, you'll get all sorts of different answers. But the one thing that everyone asks for is superb reproduction. (After all, what's the use of a copier that doesn't copy properly?) That's why, at Canon, we devoted over fifteen years to developing a new reproduction process that's 50 times more sensitive to light than other systems commonly in use.



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- ☐ NP5000 For general office use - especially where high volumes are involved. 4000 plus copies per month.\*
- ☐ NP70 For small to medium users - a compact sized copier that can print as large as A3. Superb reproduction of photographs. 3000-12000 copies per month.\*
- ☐ NP75 For automatic document feed - produces at 30 per minute and automatically collates them in the same order as the originals. 5000-15000 copies per month.\*
- ☐ NP5500 For 1:1 copying and reduction, for example A3 originals onto B4 or A4 paper. 4000 plus copies per month.\*
- ☐ NP77 For efficient, desk-top reduction copying. Besides 1:1 copying it reduces A3 originals onto A4 paper. 3000-12500 copies per month.\*

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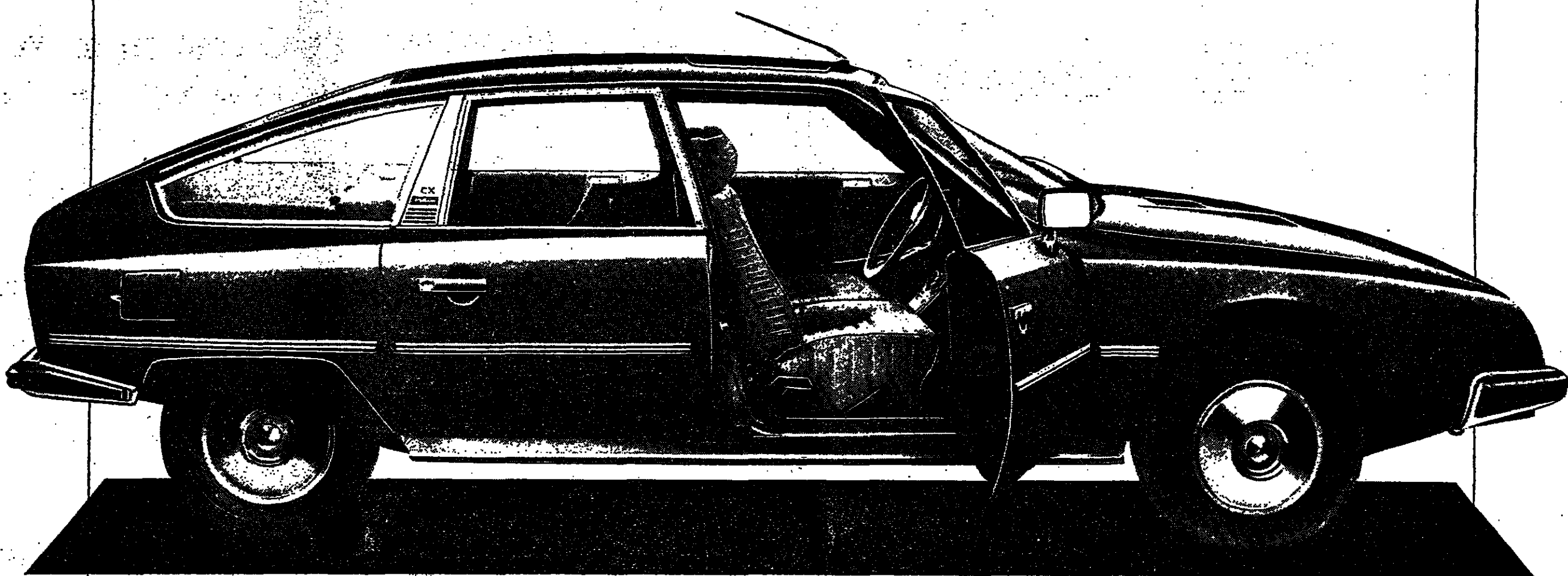
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# CITROËN CX. A NICE PLACE TO GO HOME IN.



Illustrated CX 2400 Pallas with optional sun roof.

In a life increasingly dominated by schedules, deadlines, traffic jams, parking restrictions and general bureaucratic insanity, the Citroën CX brings a welcome release from the pressures of the day.

Its seats are as inviting as your favourite armchair, hugging as if moulded to the very shape of your body. Their design gives excellent back and leg support. However long the journey, driver and passengers are comfortable and arrive relaxed without feeling any need to stretch their legs or flex their muscles.

#### SMOOTH.

Whatever price you pay for a car you will not buy a suspension superior to Citroën's unique hydropneumatic system. It keeps the car perfectly level however much you load it. The ride in a CX remains delightfully smooth all the way home with the hydropneumatic suspension absorbing any unexpected road shocks.

A bonus to all this is the comforting knowledge that if you had a blowout on the motorway Citroën's hydropneumatic suspension would automatically adjust to maintain directional stability and keep the car safely under control.

Further reassurance is provided by Citroën's VariPower steering. It prevents wheels being deflected by road surface irregularities and grows progressively firmer with increasing speed so that the driver always remains in complete control.

At low speeds and for parking, the steering is fingerlight, and power returns to a straight line position immediately the steering wheel is released. No other car has a steering which can match it.

#### QUIET.

Quietness is yet another feature of the CX, due principally to the aerodynamic styling which reduces wind noise by allowing the wind to sweep over, under and around the car. A high level of sound insulation makes a further contribution to quietness in the CX by reducing road noise.

It also bears mentioning that the wind cheating aerodynamic lines of the CX result in improved performance and reduced fuel consumption with the CX Pallas returning a pleasantly surprising 39mpg at a constant 56mph. A further benefit of aerodynamic design is demonstrated by the increased stability of the car at high speeds.

As you'd expect, the fittings on such a car leave little to be desired. All considered, an extremely nice place to be. In a sea of chaos, an island of calm.

CX comfort starts at £4636-71

for the CX 2000. The range extends up to the luxurious, longer wheelbase CX Prestige Injection C-matic at £8640-45 and offers a choice of engines (carburettor or fuel injection) and manual or C-matic transmission. All CX models have recommended service intervals of 10,000 miles and have a 12 months' guarantee. The suspension is guaranteed for 2 years (max: 65,000 miles).

Prices include car tax, VAT and inertia reel seat belts but exclude number plates. Delivery charge £68-04 (inc. VAT). Prices are correct at time of going to press.

Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes and Preferential Finance scheme. Check the Yellow Pages for the name and address of your nearest dealer. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Telephone: Slough 23808.

A selection of the 16 models in the CX range.

Model.	Top speed.	Price.
CX 2000	109mph	£4636-71
CX 2400 Super (5 speed)	112mph	£5427-63
CX 2400 Pallas Injection (C-matic)	112mph	£6597-63
CX 2400 GTi (5 speed, Injection)	118mph	£6580-08
CX 2400 Safari Estate	109mph	£5575-05
CX 2400 Familiale	109mph	£5678-01
CX Prestige Injection (C-matic)	112mph	£8640-45

## CITROËN CX. A WORLD OF COMFORT.



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Novel design of mobile radio

ABILITY TO be "unfolded" while in operation is the main characteristic of a vhf mobile radio by Marconi Communication Systems, which is the first to be approved to the new Home Office standard MPT 1302.

Construction of the equipment is such that the complete transmitter is mounted on seven printed circuit boards connected by flexible plug-in strip circuits. The receiver can thus be removed from the case and laid out flat in an operational state, giving complete accessibility for maintenance. And this procedure can be carried out without a soldering iron.

According to user requirements, several facilities may be built into the unit, which Marconi calls the RC680. These can include continuous tone coded signalling, Select, status, vehicle identification and transmit duration limiter. Single channel and 12-channel versions are available.

All functions on the control panel are illuminated from the rear and solid-state lamps with light tubes provide wide angle in an operational state, giving complete accessibility for maintenance. And this procedure can be carried out without a soldering iron.

Marconi House, Chelmsford CM1 1PL, 0245 53221, for further details.

### Safe stamp for radio

FIRST two-way personal radio-telephone to receive the under certain fault conditions. It is BASEFA certificate of approval to SFA 3012 is the intrinsically working in the 405 to 470 MHz safe Pocketphone just released by UHF band.

Signal penetration into buildings and heavily screened areas is good and reception almost noise-free.

Dimensions of the receiver are 184 x 85 x 38mm and the separate 50mm loudspeaker-microphone has an audio output of 150-mW. There are many optional accessories making the unit adaptable for use in several and is much more demanding, industrial areas and services electrically and mechanically, where there could be a risk from than equivalents outside the U.K. Flammable gases.

Not surprisingly, the new Pocketphone has internal construction and circuitry to maintain 61232.

### More than just a pager

SUITABLE for on-site and wide area operations, Multitone's new two modes. In the first, the digital pager has a visual display and a range of tone codes of eight distinctive tone code details as action required, source from 10 to as many as 100,000. The display would show a number from one to eight, each number being associated with a

particular tone signal. Alternatively, the display can be made to show any number up to 9999 as a sequence of single digits to inform the called person of the telephone number to ring, or other numerical information such as a room number. The tone codes would then carry additional information such as degree of urgency.

Obviously, codes and display digits can be combined to suit whatever the user needs and Multitone says its new design will convey more information in a simple way than anything else available.

An interesting possibility is that of using the receiver as one of a predetermined team to be called simultaneously in an emergency—in a hospital or a large manufacturing plant, for instance. One of the call codes would then be designated as the group emergency call.

Multitone has used the latest available integrated circuits to obtain this performance and has designed an intrinsically safe version too.

Multitone Electric Company, 6 Underwood Street, London N1 7NJ. 01-253 7811.

## MATERIALS

### Glass will take on any hue

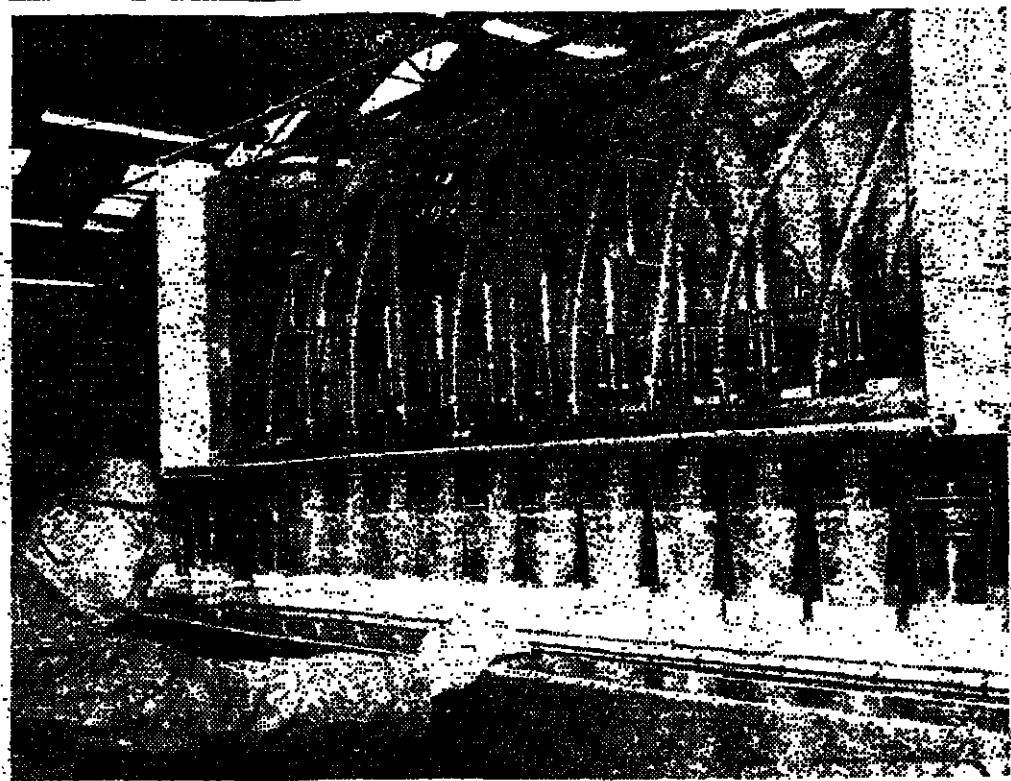
CORNING has developed a family of glasses that reproduce colours much like photographic film and they may be the first photographic medium having true colour permanence. But so far, they are not suitable for reproduction of continuous tone photographs.

Colour patterns can be imposed in a transparent glass or in an opaque glass, or the same glass can have both transparent and opaque coloured sections. The patterns may be developed in a thin layer or in thick sections through the bulk of the glass.

The colour versatility of the new glass will permit a single glass to take the place of many different ones in such products as sunglasses, stained glass, decorative architectural glass and tableware.

Processing of the glass requires two exposures, each to ultraviolet light and heat. The first light exposure can be performed at room temperature. The second exposure can be done at room temperature, too, followed by heat treatment at about 450 degrees Centigrade. Or, alternatively, the second light exposure and a heat treatment at about 300 degrees Centigrade can be performed simultaneously. Thus, said the scientists, ordinary film negatives can be used as masks for exposures to the ultraviolet light.

More details from Sovirel SA, 90 rue Baudin, 92306 Levallois-Perret, France.



This Bexuda Modul machine has been devised to dispense exact pints of water into ten beer glasses at a time at Ravenhead Glassworks, St. Helens, Lancs. It is part of the verifying system used there before the Customs and Excise stamp is applied. Glasses are placed in an upright position on a conveyor which carries them to the machine. When sensors indicate that there

is a glass under each filling head, the precise volume of water required is automatically dispensed into each glass. The ten glasses are then indexed forward, checked for headspace, and then moved on to a tipping station where they are emptied and automatically transferred on to a conveyor which carries them through a drying oven. From there they move through a machine which applies the Customs and Excise stamp.

## DATA PROCESSING

### Growing influence of IBM

CHALLENGE OF IBM equipment, not just to the rest of the world's computer manufacturing industry, but to the support policies of the Governments of the countries in which there is a computing industry, was amply documented at a recent three-day Infotach Conference in London.

This gathered together many of the world's most experienced IBM watchers, as well as a 600-strong audience, the majority from large users or competitors.

The main theme of the conference was the growing influence of IBM's processor manufacturing costs were so low as to turn IBM into an operation almost "licensed to print money". It was best put by a competitor, S. J. Ippolito, president of IPL Systems, which makes the Omega 480 line of plug-compatible computers sold in the U.S. by Control Data. He stated that IBM's CPU product cost was typically about 10 per cent. of selling price and "that it is not an important consideration in setting prices".

Gideon Gartner who heads the technology analysis effort of Oppenheimer and Co. in New York, himself an ex-IBM man,

estimated that as deliveries of current large IBM systems (the 3033), build up and direct sales increase, IBM worldwide will do \$7.8bn. in outright sales in 1979, a number he regarded as so totally exaggerated that he promptly took off \$1.8bn. from his estimates.

Other observers said he had not exceeded possibilities since total computer purchases from IBM last year accounted for \$4.3bn. before the introduction of purchases for the 3033 series. IBM estimates over the three years 1975 to 1980, for the series are believed to indicate that the Corporation will sell/lease some 8,000 systems and that about 40 per cent. of those sales will be outside the U.S.

This leads to the conclusion that IBM hardware sales worldwide could be between \$9bn. and \$10bn. by 1980, which could well create a new environment for IBM's competition and new headaches for Governments in search of support policies.

And yet, the 3033, the large machine in the current series was, according to Charles Lech, president of the New York software and systems house ACT, rushed to market in a two-year

## ELECTRONICS

### Motor speed regulators

THYRISTOR motor speed regulators which provide effective speed control of dc shunt wound motors from fractional to 275 hp have been launched.

Model "S" series is aimed at ease of maintenance. Basic converter modules can be incorporated into a standard 18-inch rack mounting, and can be offered as chassis-mounting types for customers to incorporate into their own control panels.

Compared with previous types, the new models have been reduced in size by almost 2/3rds. This reduction, together with new automated production techniques, have enabled the company to reduce the basic price of the speed regulators by as much as 30 per cent.

An example of the compactness of the design is shown in



the 450 hp unit which, complete with forward and reverse converters and regenerative braking, is housed in a cubicle only 53 inches high by 23 inches wide by 22 inches deep.

A test run changeover switch has been incorporated into each model for easier fault-finding. Checks can be carried out on the main fuses and thyristor devices, enabling an operator to determine whether a fault has occurred in the main power circuitry or on the amplifier feedback circuitry.

Allen Bennett, Ongrave Lane, Sheffield S13 9NR. 0742 60323.

## TEXTILES

### Improves carding process

BEFORE fibres can be spun into yarn it is necessary to open them into slivers. Basically, all grains of cotton are produced with a short-term autoleveller which is good at subsequent processing will be wasted. The new British card, which shows at the international exhibition ATMEI in Chicago, is built by Crossley.

The machine is based on the Crossley Tandem carding system which has proved successful in world markets and enabled the company to reach over 95 per cent. export levels in its business. With the new card there is no need for abnormally heavy slivers to open slivers are produced with 55-65 grains/yd (3.9-4.6 kilotex).

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## COMPONENTS

### Cuts waste of materials

DEVELOPED TO fulfil a market need for components that would withstand the severe wear caused by processing glass-filled plastics in injection moulding machines, Brux Bimetallic sleeves and screws are achieving up to six times the life of nitrided components.

Moulded Plastics (Birmingham), of Tamworth, Staffs, processes some 500 tonnes/year of assorted plastics, 25 per cent. of which is glass-filled. Since replacing worn nitrided screws and cylinders with Brux Bimetallics, the company reports it has almost eliminated material scrap, a TI Machine Division company.

# SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIAH

## HOUSING MUNICIPALITY

### ANNOUNCEMENT OF AN INTERNATIONAL TENDER FOR THE BUILDING PROJECT OF THE AL-MAHARI AL-JADID HOTEL IN TRIPOLI

The Committee for the Al-Mahari Al-Jadid Hotel building project in Tripoli publicly announces its invitation to international tenderers, national, general and stock companies, as well as international companies having hotel construction expertise in building 4 or more star hotels—and this shall be in accordance with the following terms:

1. The general conditions, specifications and drawings related to the project shall be obtained from the Headquarters of the Committee for the Al-Mahari Al-Jadid Hotel at the Housing Municipality in Tripoli for the sum of 500 (five hundred) Libyan Dinars only, which shall be paid into the public funds at the offices of the Treasury in Tripoli.
2. The tender shall be in two parts:
  - a) Construction and machinery
  - b) Furnishings and equipment.
 The tender shall be offered for either one or both parts.
3. The company offering the tender shall send with its tender a vitae detailing its previous experience in such works, carried out either in the Libyan Jamahiriah or outside it.
4. The international companies participating in this tender must be represented by Public Agencies or Authorities from the National Sector or Companies of the Public Sector.
 

An address at which the tenderer can be contacted shall be given and the contents of any correspondence with him shall be considered valid. In the event that the tenderer is an agent, he shall enclose with his tender a certified Power of Attorney from his Organisation, together with a listing of the rights and limitations of his agency; the names of the persons directly responsible for the execution of the terms of the Contract; the payments made and the receipts received and signed by the Company, as well as specimen of signatures put to copies of both the Contract and the Power of Attorney.

5. An official copy of the Company's Contract of Establishment and Articles of Association shall be enclosed with the tender. These documents must meet all requirements and procedures stipulated by Law and the By-Laws.
6. A tenderer shall, by means of a Declaration to be enclosed with the tender, be bound to adhere to the terms of the Israeli Boycott, and in the event of violation of the Declaration the Committee shall have the right to cancel the Contract by sending a registered letter of cancellation. The tenderer shall be without right to demand compensation.
7. If the tenderer has previously carried out works in the Jamahiriah, the tenderer shall produce a certificate of taxes due to the Tax Authorities.
8. An initial deposit of the sum of 100,000 (one hundred thousand) Libyan Dinars shall be enclosed with the tender. This deposit shall be valid for a period of six months from the date of the opening of the envelopes, and shall be presented in one of the following forms:
  - a) A bank draft certified by one of the banks operating in the Jamahiriah.
  - b) A letter of guarantee issued by one of the banks operating in the Jamahiriah—guaranteeing that the contractor shall maintain the same prices of his tender for a period of six months from the date of the opening of the envelopes.
9. In the event that the chosen tenderer does not sign the said Contract within two weeks of the date of his being notified officially of the acceptance of his tender, the deposit shall be retained.
10. Tenders shall be presented to the Committee for the Al-Mahari Al-Jadid Hotel at its Headquarters in the Housing Municipality in Tripoli on a Tender Form stamped

by the Municipality and signed by the Chairman of the Committee. The tender shall be handed into the Committee Treasurer, and a receipt shall be given in return. The tender shall be in a sealed envelope, sealed with red wax, and on it shall be written: Enclosed is the Tender for the Al-Mahari Al-Jadid Hotel Project.

11. The final date of acceptance of tenders shall be the 30th April 1978 and no tender for whatever reason presented thereafter shall be considered.
12. The tenderers may attend the procedure of the opening of the envelopes, which shall be at exactly 11 o'clock on the said date.
13. The accepted tenderer shall, within fifteen days from the date following the date of the letter sent to him by registered post notifying him of the acceptance of his tender, pay a deposit equivalent to 5% (five per cent) of the total value of the works he has been commissioned to do. He may also pay the remainder of the provisional deposit so that it equals the value of the required final payment. The Committee may, by sending a registered letter and without need for taking any further steps, cancel the Contract and retain the provisional deposit.
14. Any international company participating in this tender must be already registered in the Registry of International Contractors at the Housing Municipality in the Jamahiriah and this shall be observed in ample time before the procedure of the opening of the envelopes.
15. The Committee for the Al-Mahari Al-Jadid Hotel Tender shall have the right to either accept or reject any tender offered without giving any reasons for taking either decision.

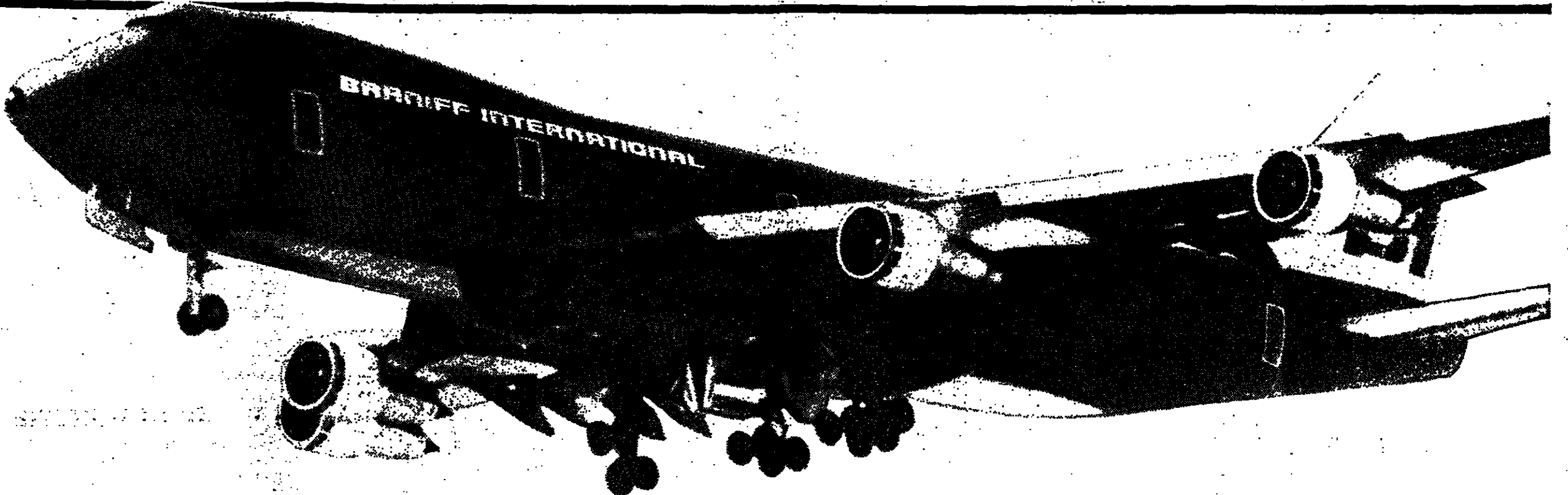
Signed: The Committee for the Al-Mahari Al-Jadid Hotel Tender in Tripoli.

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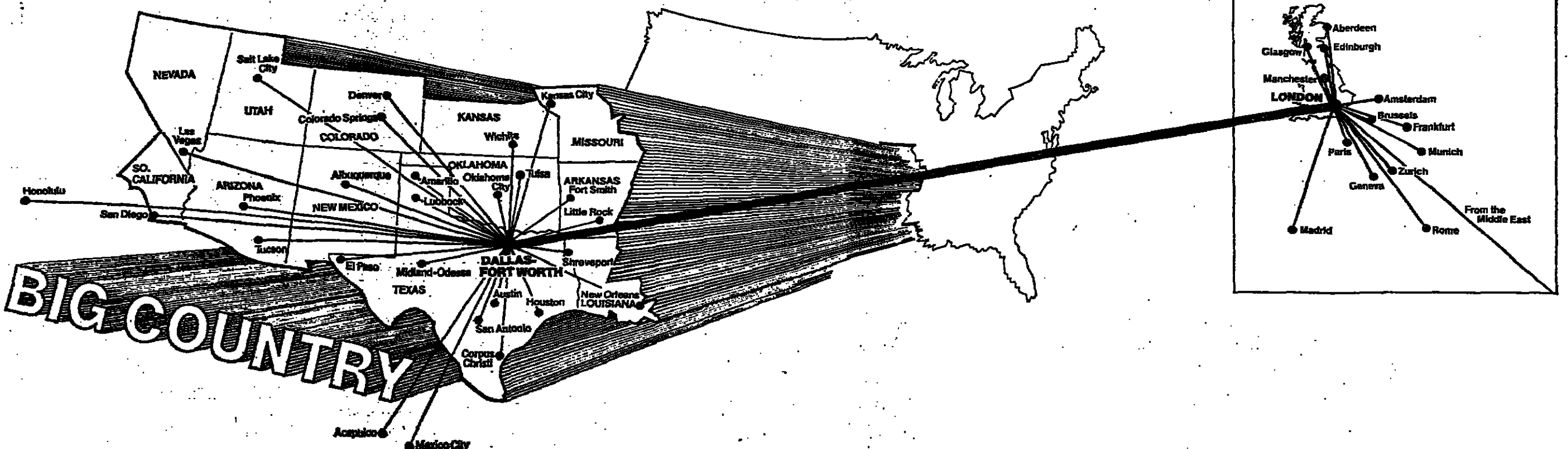
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# The Management Page

EDITED BY CHRISTOPHER LORENZ

CHARLES Tidbury has recently taken over as chairman of Whitbread, the U.K.'s third-largest brewing business with a 12 per cent. of the total market. At the end of the 70s Whitbread was a small, London-based company but during the next decade it grew rapidly by acquisition, taking 25 other brewing concerns. It remains a Whitbread family-controlled company.

Mr. Tidbury cheerfully volunteers information that "nepotism" brought him into the company. He is married to the daughter of the wife of Col. William Whitbread, now the chairman, but who was chairman during the years of rapid expansion.

He next spot of luck, according to Mr. Tidbury, was when he was selected to be personal assistant to Mr. Alex Bennett, who succeeded Col. Whitbread as chairman. Mr. Bennett decided he did not want to live in London. Mr. Bennett moved instead and "I was held on to Alex Bennett's tail ever since."

Needless to say, it takes more than nepotism and luck to move to the top of a management team of a major group like Whitbread—which had 1977 sales of £518.5m. and taxable profits of £426m.

Mr. Tidbury brings phenomenal energy to his job and has the ability to get on well with almost everybody.

Equally he is known as a strong driver, a man who in his years as chief executive brought policy to life and made things happen.

He has taken over at a time when Whitbread has reached another important stage in its development. In crude terms, Col. Whitbread built up the group, Alex Bennett spent five years as chairman sorting out the structural and other problems which resulted from the rapid expansion, and Mr. Tidbury now has the task of building on the substantial foundations which have been established.

Whitbread has often been described by City commentators as the brewing group with the greatest hidden potential, but it is difficult to say how long this potential will remain hidden.

"Don't expect Whitbread to change course dramatically," warns Mr. Tidbury, however. He points out that as chief executive under Alex Bennett he played a part when the objectives for the medium-term future of the group were being worked out.

institutions with large shareholdings in the group, it began to bring in some able outside talent. Mr. Tidbury himself was instrumental in pushing through the changes and bringing in new blood.

One example was Len King, former Treasurer of Ford of Europe, who was Whitbread's finance director for a while before moving on to the British Steel Corporation. His successor, Andrew McQuillan, joined Whitbread from another American group, Eaton Corporation. There is also Tony Simmonds-Gooding, brought in as market development. In crude terms, Col. Whitbread built up the group, Alex Bennett spent five years as chairman sorting out the structural and other problems which resulted from the rapid expansion, and Mr. Tidbury now has the task of building on the substantial foundations which have been established.

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Charles Tidbury—Whitbread's new beer baron.

## The man who won the Whitbread trophy

BY KENNETH GOODING

In the first of two articles on leading brewers, Kenneth Gooding looks at the man who cheerfully admits that 'nepotism' brought him into the group

There are, though, some important clues to his strategy. In the way the Whitbread top management team has been restructured now that he is firmly in the driving seat. The title "chief executive" has gone. Instead Whitbread now has a deputy chairman, Raymond Seymour, whose job will be to assist Mr. Tidbury in developing a long-term strategy for the group. While Mr. Tidbury will concentrate mainly on beer and brewing, Mr. Seymour will be more concerned with wine and spirits.

Two managing directors have been appointed. Tony Simmonds-Gooding is managing director U.K. and Robin Farrington, managing director International.

In the U.K. Whitbread never centralised its operations. Other major brewing groups who did so have subsequently decided to push responsibility back to local operating companies—described by Watney-Truman, for example, as "regionalisation." The 25 companies which Whitbread acquired were welded into ten regional trading concerns. "This is one of our strengths," says Mr. Tidbury. "We put them into manageable sizes with regional coverage, with local ties, local management, and local names."

"They control their own destinies, but with firm co-ordination of finance, technical services and national branding at the centre. There is still a great deal of grass roots trading in this industry."

Mr. Tidbury expects in the next few years to see a bigger share of the beer market moving to the take-home trade, and Whitbread is prepared to meet this trend. He points out that on the Continent some 40 per cent. of beer sold is consumed at home, compared with 10 to 12 per cent. in the U.K. British drinkers are beginning to shift more in the Continental direction but it is still not possible to guess how far they will follow their fellow Europeans.

The group is also looking at the medium-priced part of the restaurant business, which has proved suitable for many pubs. In fact, the whole range of the leisure market offers opportunities. Whitbread is involved already in joint companies which operate golf courses and what would have once been called "country clubs," but are now dubbed "leisure centres"

offering golf, squash, food and so on.

"But we must not forget that our basic, staple commodity is the pint of beer—ale or lager—in the pub. Our main job as a management is to get that good pint into the market place in the right way."

"And the licensee and his wife are still the hub of the wheel around which the business revolves."

On the international front, Whitbread's objective is to increase overseas earnings from the current 10 per cent. to 20 per cent., while making sure that the home business does not shrink.

In 1974 Whitbread set itself the 10 per cent. overseas earnings target by 1978, and has just about achieved it. Most of the money comes from Long John Scotch Whisky, acquired in August, 1975, Langenbach, its German wine subsidiary, and Whitbread Belgium, which operates a small brewery and has a trading arrangement with Stella Artois, biggest of the local brewing groups.

Whitbread has not been conspicuously successful with overseas beer acquisitions. It withdrew from a South African venture in the mid-1960s after losing what in those days was a considerable sum, £3.5m. More



served in the King's Royal Rifle Corps from 1944 to 1952, and joined Whitbread that year as a trainee at the Mackeson Brewery, Hythe, Col. Whitbread offered to match his army pay while training him to be a brewer. "I would have taken half just to learn the business."

He has worked in almost every department of the business, including a period as a shift brewer at Chiswell Street in the City of London when it was brewing around the clock.

He was born in Camberley—his father was a regular soldier so he was brought up largely by his grandmother in Gloucestershire. So, he maintains, he is a "countryman at heart." He has five children aged from 26 to 14 "who take up most of our spare time."

Of his role at Whitbread he says: "The most important thing is to make sure you have the right people doing the jobs which have to be done. Businesses are too big and too complicated to be managed by one or two people. Once you have delegated, then you can go round taking a sympathetic look at the problems which come up."

He enjoys visiting the breweries, depots, shops and pubs—other brewers' outlets as well as some of the 7,600 owned by Whitbread—because "we are a business which touches the public in so many ways. I must be in a position to see the business from the customer's point of view."

As he is still only 52 and the group's retirement age is 62, in theory he could remain as chairman for ten years. This seems unlikely, for he insists "five to seven years in any job is as much as anyone can do—unless it changes dramatically. I hope I will know when to call it a day and become an elder statesman. But that's all for the future and, indeed, for the Board to decide."

He also hopes "to leave behind a strong, independent business in the brewing and leisure field which is in as good, or better, shape than it is in now."

## Turning the Japanese challenge into Far Eastern promise

DEALING with the Japanese is a different way of doing things. You've just got to gain acceptance as a person rather than as a human being. The learning process can take a month, or a year. There are times to press and times to say no. But once you understand what the Japanese are all about and develop rapport, then they start talking to you with ideas and have a real two-way partnership which will last."

The speaker is Max Hugel, an American, but a fluent Japanese speaker who for some years ran an international arm of another Industries, Japan's best producer of sewing machines and typewriters.

1,100 lines per minute and designed to meet the requirements of minicomputers, remote data terminals, and small business systems.

In the other case, Sharp is manufacturing an electric typewriter which is said to be suitable for use in the home (possibly in association with Viewdata, for example) as well as for microprocessor applications.

Many Western companies have co-operative agreements with the Japanese, but few have developed the concept of partnership as far as Centronics has done. As Hugel describes it, it is much more than a contractual relationship, with the Japanese simply supplying components or machines to Centronics' design.

The American company is small—it has about 1,300 employees—and has deliberately specialised in printers. But it is a technological leader in its field and that technology is closely related to other branches of electronics and engineering in which the three Japanese companies are deeply interested.

By getting inside the Japanese, a family of line printers use company, observing its research programmes and ex-

changing information freely, the Centronics people can see developments which could be applied to their own product range.

Since the Americans have the know-how in printers, the contact with customers and a strong sales and service network, the Japanese company is happy to act in a supporting role—though it will normally handle sales of the finished product within Japan itself.

Hugel himself has studied Japan in great detail—he was in military intelligence during the war. "Every Japanese company has a long-range view. If we can show them that a partnership with us fits in with their long-term goals, they will do business with us. We normally try to make at least a ten-year agreement. We give them a price target which we must have to compete in the market and then we commit ourselves to a large volume of production."

Hugel, who is now executive vice president of Centronics, believes that by means of these partnerships the company is able to get products on to the market more rapidly; it is not burdened with the heavy overheads of a large manufacturing plant.

Could a similar partnership be forged in Europe? He does not exclude the possibility; the company is already making its printers at a plant in Ireland.

In a sense Centronics is providing the Japanese with a new outlet for investments in advanced technology which they would be making anyway. But Hugel says there is much more to it than that. "We get exposed to their R and D, we understand what they are working on and then we make a joint effort to develop a product."

The obvious argument against this sort of arrangement is that one of the Japanese companies will eventually decide that the world printer market is so attractive that it must be attacked directly; they will use the know-how and contacts which they have acquired through their association with Centronics to develop their own business—at Centronics' expense.

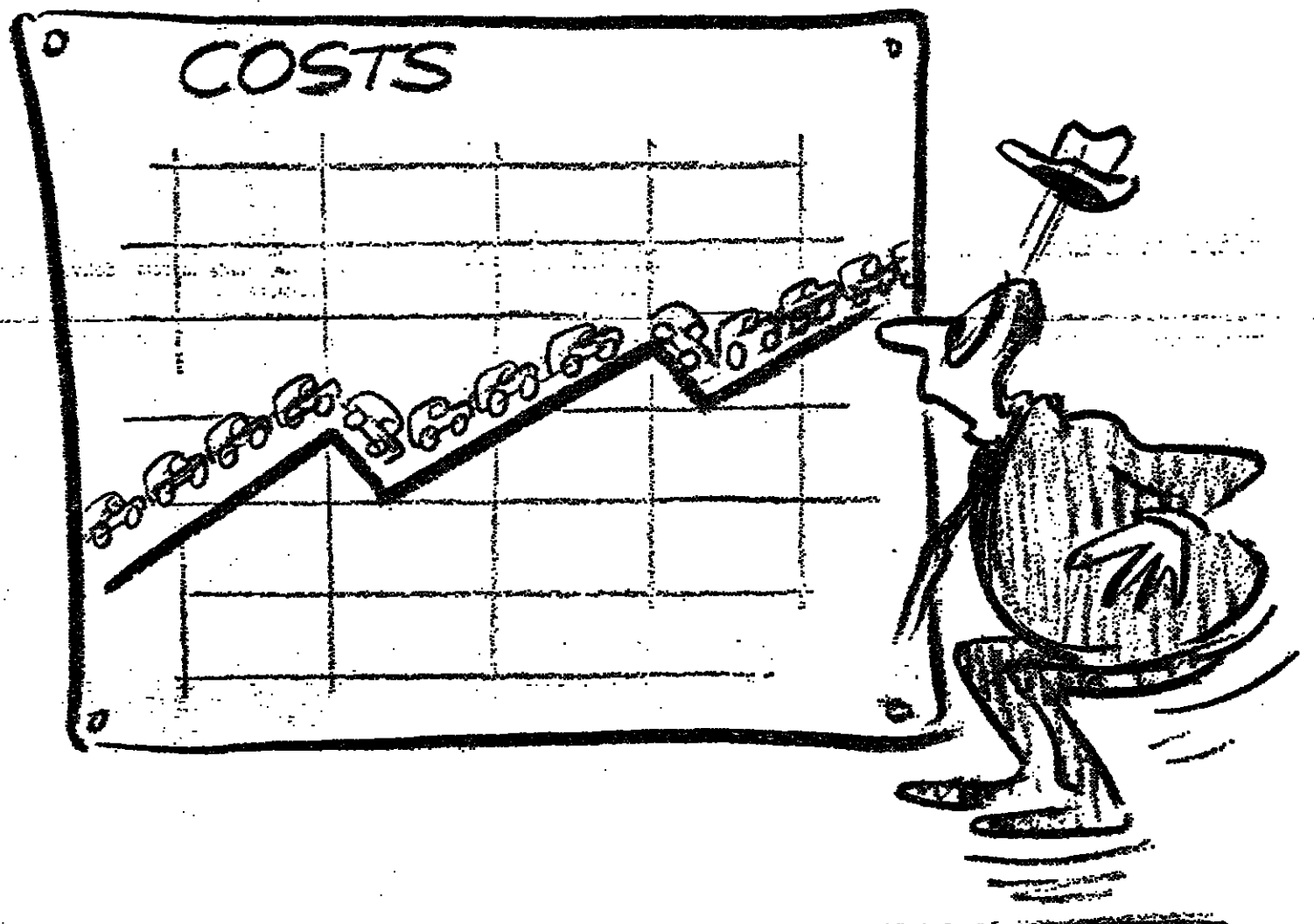
This fear of being used as a Trojan horse for Japanese ambitions has made a number of American and European companies cautious about entering into partnerships with Japanese companies, especially in computers and other electronics and related fields. Much depends on the size of the companies concerned and the importance of the product.

### Qualms

General Electric of the U.S. had no qualms about pooling its domestic TV set business, a very small part of its total sales, with Hitachi. But some of the smaller electronics and computer companies are anxious that if they make themselves too dependent on the Japanese they will end up being swamped.

Centronics appears to have no worries on this score. "For one thing, it is operating in a specialised market. For another, it is not dependent on a single supply source; it has arrangements with several Japanese companies. More important says Hugel, "we have the in-house capability to design and develop the products ourselves—we are not leaving ourselves exposed. So far the formula has worked well, as the sales and profit figures show, and the management has no intention of departing from it."

Geoffrey Owen



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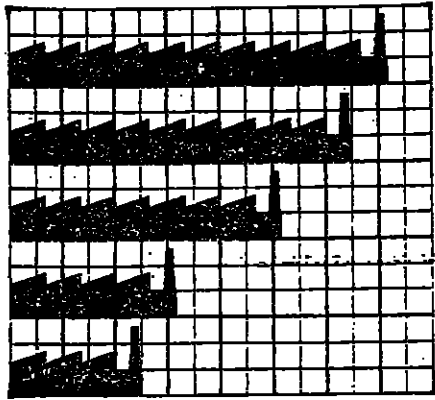
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## South Africa ponders move against black squatters

By JOHN STEWART, Cape Town Correspondent

THE SOUTH AFRICAN authorities are considering what to do about the Crossroads squatter camp: some 20,000 squatters living there by 3,500 shanties must be prepared for the camp to be razed, as was done in the case of Umbel camp in the Cape Peninsula in February.

The problem of black squatters again and again has caught the Government in a conflict between economic needs and the ideological demands of apartheid. The migratory labour system is one of the pillars of apartheid. Without it the Pretoria Government could not begin to pursue its major objectives: economic growth to raise living standards and to create jobs for a rapidly growing population, on the one hand; on the other, to give substance to the Verwoerdian vision of the early 1960s of a commonwealth of politically independent, economically viable ethnic states or homelands. The difficulty is that these two goals taken together require blacks to be in two places at once.

To reconcile these conflicting aims a stringent set of regulations has been devised whereby Africans may take jobs in the non-homeland or common area of South Africa only if they are prepared to do so without having their families with them.

To accommodate the limited categories of people who do not fit into the broad aims of the policy, legal recognition of permanent urban residential rights was given to Africans who:

- Were born within the area;
- Who have worked for one employer continuously for not less than 10 years; or
- Who have worked for more than one employer continuously for not less than 15 years.

Black influx control was further bolstered by new labour regulations, the effect of which was to preclude blacks who did not already qualify in 1966 from acquiring permanent residence qualifications mentioned earlier. A total ban on the recruitment of migrant workers entered into a contract basis from Ciskei and Transkei became effective during September 1967 and shortly after that employers were instructed to limit their quota of African labour to the number (including registered vacancies) existing on August 31, 1966. It was further announced by the then Deputy Minister of Bantu Administration, Mr. Blaas Coetzee, that he intended to compel employers to reduce their quota of black labour by 5 per cent each year. As from August 1, 1967, contracts with migrant black workers were limited to 12 months and at the end of each contract period the worker was required to return to his homeland before a new contract could be entered into.

In spite of these measures, the influx of black workers to the Western Cape increased. The Cape Town in December, last, for these people.

period 1968-1974 was one of development in which civil and construction drew thousands of workers from the Eastern Cape homelands. The process was facilitated by mounting pressure on land and the low rate of job creation in these territories.

Labour statistics of the Cape Peninsula Bantu Affairs Administration Board show that in the period 1968-74, the employment of black contract workers in four sectors increased by nearly 300 per cent, with Government services increasing from 1,447 to 5,123 (by 353 per cent) in this period. At the end of June last year, the state transport agency, South African Railways and Harbours, employed 8,500 Africans (2,132 in 1964), a trend clearly in conflict with race policy.

While the Government may not have resisted the black influx in the interests of rapid economic growth, it did make sure that Africans would not make themselves comfortable in Cape Town by putting a virtual freeze on new family housing has been built since 1965. In Nyanga since 1962 and at Guguletu none since 1972.

It is estimated that there were about 10,000 African families in Cape Town in 1966 who enjoyed permanent residence, so that the natural population growth alone should have caused a demand for about 2,700 family houses in the period 1967-76. The actual number built was 330.

If influx control was lax in the period up to 1971, when the pass laws were administered by local authorities in Greater Cape Town, it became virtually non-existent from that year when administration of black people was taken over by the Bantu Affairs Administration Board.

The Government agency controlled by the Ministry of Bantu Administration and Development. It was during the period 1972-74 that squatting became noticeable. In the beginning squatter camps consisted largely of legal residents squeezed out of the other 2,000 "section-teners" because no housing was available. They were joined by thousands of contract/migrant workers who, sensing a break-down in the influx control machinery, sent for their wives and children.

Camps sprang up all over the peninsula. Shanties demolished in one area reappeared overnight in another. According to the local Bantu Administration Board there were 22 camps in the Western Cape in December, last, for these people.

The problem they face, however, is that both Ciskei and Transkei Governments have issued statements saying they do not want the displaced squatters of Cape Town. They made it clear that these people.

year, housing 51,600 people in 7,343 shanties. In most cases the camps can be described as close-knit organic communities with a highly developed community spirit and civic pride. Most display an effective, if quaint, sense of town planning and all maintain a surprising degree of law and order. Police confirm that crime is virtually non-existent in squatter camps.

Surveys of Crossroads and the other major camp, Modderdam, revealed two important facts that 78 per cent of households have at least one member who is legally entitled to be in the area, either on a permanent or contract basis, and that each household has about 1.2 members in employment. In more than 80 per cent of households, however, wives and children are in the area illegally. Under the 1977 amendment to the Prevention of Illegal Squatting Act, all squatting is illegal, unless the occupier can show that he has legal "right of title" to be on the land. This provision effectively removes squatters access to a court of law, action to which many resorted with almost complete success in 1974-75.

The aspect of the squatter problem which worries the police is the number of squatter households in the area illegally. It is estimated that there are about 10,000 squatter households in the area illegally. It is estimated that there are about 10,000 squatter households in the area illegally.

The Government shows no sign of relenting. The Deputy Minister of Bantu Affairs, Mr. Willem Cruywagen, has told squatters' legal representatives that condoning the situation, whatever humanitarian considerations might apply, would only serve to increase the total suffering. If the problem was handed with kid gloves, it was likely to grow worse.

He did not say why the authorities had allowed the problem to reach its present level in the first place, which has reinforced the view, among black workers in Cape Town, that the Government chose to ignore their influx to the city when their labour was needed, but now that recession in industry and construction have resulted in at least 6,000 contract workers losing their jobs, what another 2,000 "section-teners" are also out of work, Government "no doubt feels this is the time to send us packing back to the homelands to restore some of apartheid's lost image."

The problem they face, however, is that both Ciskei and Transkei Governments have issued statements saying they do not want the displaced squatters of Cape Town. They made it clear that these people.

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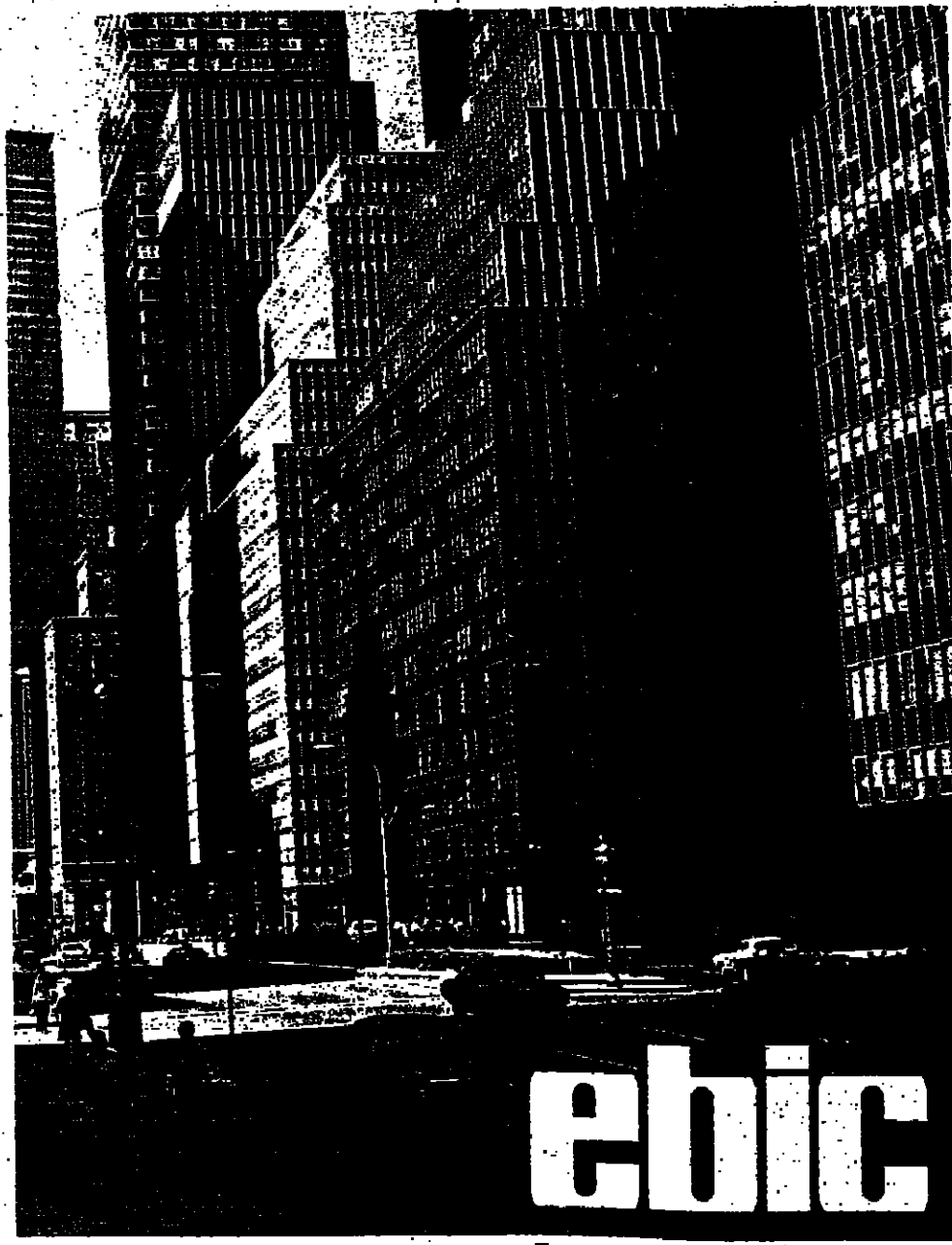
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# FINANCIAL TIMES SURVEY

Tuesday March 21 1978

## INSURANCE BROKING

The formation of a single industry association and the setting up of an official register are two major landmarks in the insurance broking world. The important role which brokers play in insurance will, it is hoped, gain considerable reinforcement from the self-regulation and united front these will provide.

THE INSURANCE broking profession covers a very wide spectrum. At one end are the large multinational brokers and at the other, the small one-man operations. In between there is a variety of firms, small, medium and large, with overlapping areas of operation. Essentially they all have the same basic function—acting as independent intermediaries between the consumer, whether individual or corporate, and insurers.

Any confusion in the mind of the public is understandable. The profession has never attempted to create an image and rarely hits the headlines unless something goes wrong. And there has never, until now, been any serious attempt to co-ordinate the profession with a central control. Anyone could, and many did, set up as insurance brokers, simply by calling themselves as such. And there were four separate professional bodies representing insurance brokers, but in fact their combined membership only accounted for one-third of so-called insurance brokers.

The system was wide open to abuse, though relatively few cases of downright dishonesty or even sharp practice have been brought to light. But those which did appear showed that the consumer was not necessarily getting a fair deal. And since we have a Government committed to consumer

ism, then it is not surprising that steps were taken to control insurance brokers. What is surprising, perhaps, is that insurance brokers were given the opportunity to police themselves, under the benevolent eye of the Government, and they took it with both hands. A review of the events of the past two years shows that all brokers really needed was a catalyst, in the form of proposed Government action, to put their own house in order. The responsible members of the profession were not at all happy that anyone could operate under the name. They did not want the trading name of insurance broker devalued and were seeking an official status. Now it would appear that they are going to get one.

**Obligatory** The Insurance Brokers Registration Act, 1977, is now on the statute book. It will make it obligatory for every firm, partnership or individual wishing to trade as insurance broker, with the same in his title, to register as such with a registration council. Another article in this survey explains exactly what the Act will require and what it will mean to brokers. But essentially it will mean that anyone wishing to trade as an insurance broker will have

to meet certain qualifications regarding professional expertise and experience, financial backing, and conform to a code of conduct. Anyone using the services of an intermediary is entitled to expect that the

And they should not make much difference to the small broker. Despite some adverse Press comment, the regulation proposals have not been designed to bring and end to the small brokers have been able advisers or consultants without breaking the law. It is up to the insurance broking profession to educate the public to understand that a registered insurance broker is a professional intermediary with the

person involved is honest, broker. They have imposed upon him some financial discipline that he should already have if he is operating as a company or insurance organisation. The consumer can expect to get unbiased competent advice and the cheapest possible premium consistent with security and reputation regarding payment of claims. The proposals will make little or no difference to the large broker since if he operates at Lloyd's as a Lloyd's broker he already has to fulfil much more

The main extra cost being imposed by registration means taking out a professional indemnity insurance policy. Many

recompense through the law, safeguards of a professional People are now becoming more conscious of their legal rights and anyone operating as an insurance broker ought to have the necessary indemnity insurance.

Even then the Act does not stop anyone selling insurance if they do not conform to the registration requirements. It simply stops them using the words insurance broker or something similar in their trading name or description. They can call themselves insurance brokers in dealings with the

What we do not know is whether these registration proposals will succeed in practice. They should, provided the code of conduct and the disciplinary procedures are sufficiently strict. A very lax code of conduct and loose discipline will be worse than none at all, and simply defeat the whole object of registration. The code of practice, which is separate from the name or description, will guide

call themselves insurance brokers in dealings with the

public. Until these codes are published we cannot comment too much on them. But they must ensure that the broker is completely independent of the insurance companies. Since some life brokers specialise in designing tax avoidance schemes and then find a compliant life company to underwrite them, the Registration Council has a stiff task on its hands.

The other notable event of the past 12 months is that the four separate insurance broking organisations have amalgamated into the one organisation—the British Insurance Brokers Association. All but a handful of the members of the old organisations have joined the new one. Insurance broking as such plays an important role in the insurance industry. Indeed, with some insurance business such as marine and aviation, almost all business is placed by brokers and in others the amount placed by brokers is extremely high. The Government has in recent years enacted a mass of legislation affecting U.K. insurance operations. The brokers need to present their views to Government on all proposed insurance legislation and they need one powerful voice to do this. Speaking to Government for all brokers, large and small, is an important function of the BIBA.

But it is not the only one. Brokers need to talk to the

The various functions of the BIBA are explained in a separate article. But one notable feature is the representations made by BIBA to the Lever Committee on small companies on behalf of small broking organisations. The small broker can influence the BIBA through the regional system. He is not without a voice on BIBA. The brokers have achieved a registration system which will not put any shackles on the large multinational seeking overseas business in a very competitive market. He has enough problems bringing in the invisible earnings without further controls on his actions. Now it is up to the brokers to show that it will work in dealings with the general public, who have a right to expect as high a level of service as the large multinational corporations.

### Notable

## Strengthening the bonds

By Eric Short

# British Insurance Broking takes the great step forward.

For some years, Insurance Brokers and leaders of public opinion alike have felt the need for a system of professional Registration, and for a single Insurance Brokers' Association.

With the passing of the Insurance Brokers' (Registration) Act into law and the formation of the B.I.B.A., both have been achieved.

In the coming months, two immediate things will happen.

All Insurance Brokers will be required to apply for Registration to the Insurance Brokers' Registration Council, established under the Act.

Only Registered Brokers will be allowed to call themselves 'Insurance Brokers'.

Only Registered Brokers will be eligible for membership of the B.I.B.A.

This means that all members of the public will have the assurance and security of dealing with professionally-qualified, fully independent Insurance Brokers.

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For all truly professional Insurance Brokers, and for all their thousands of Corporate and private clients, it is indeed a great step forward.

If you would like to receive further information about the B.I.B.A., please write to the Association at the address below.

The British Insurance Brokers' Association.  
Fountain House, 130 Fenchurch Street,  
London EC3M 5DJ. Telephone: 01-623 9043

Chairman: Francis Perkins C.B.E., D.S.C. Secretary: Alan Teale A.C.I.S., A.C.I.I., M.I.A.I.M.

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## INSURANCE BROKING II

# Small firms are the backbone

AT PRESENT there are nearly 2,300 members in the newly formed British Insurance Brokers' Association and of these the vast majority employ less than 50 persons. The small broking firm does not make the headlines, yet together they are the backbone of the insurance broking profession. It is to the smaller broker, operating in the public will come for insurance advice regarding motor, household, and life. When Mr. Stanley Clinton Davis, Under-Secretary for Trade, talked about the new registration requirements bringing about a new deal for consumers, it is primarily the small broker to whom he is referring.

In the eyes of the general public, the insurance broking profession will be judged, not by the large Middle East contract recently completed by a large Lloyd's broker, thereby boosting invisible exports, but by the type of life contract sold or how quickly and efficiently the claims were handled for damage to houses in the January storms. And it is in this sector of insurance broking that the need for registration lies.

Up to now anyone has been able to set up as an insurance broker, offering advice on individual insurance needs. The person concerned needed no previous experience or qualifications, nor was any check made into his ability or integrity. It was a set-up ripe for exploitation, especially with life busi-

ness where the slick operator could make a killing with the connivance of certain life companies. Yet only a handful—these the vast majority indeed—have been found to have operated in a manner not in the consumer's interests. It was unfortunate that the troubles in 1974 and 1975 highlighted the activities of a few brokers. But it is by the experience of those members of the public who used these brokers that the profession is judged, not on the unpublicised majority.

Consequently, insurance brokers do not have the professional standing of the legal or accountancy professions—two bodies which have their share of black sheep. One important task of the BIBA will be to raise the status of brokers in the eyes of the public.

There are, however, small brokers and small brokers. There is the two-men-and-a-girl type of operation dealing with the individual seeking insurance advice and prepared to place his business through the broker. This type of broker is prepared to actively canvass for business besides waiting for it to come to him. Indeed, if he wants to get established, then he must be prepared to do this. It is only when he has been trading for several years and has built up a sizeable portfolio of clients, that he can start to rely on reputation and recommendations for his new business.

Then there is the larger operation—where the operator has a larger clerical staff. This type of smaller broker will often be looking after the insurance interests of the local commercial and industrial companies for the major part of their business. Small companies need insurance as much, if not more, than the large industrial and commercial concerns. But in dealing with the insurance problems, personal contact is an important factor. Insurance is a complex subject and in many cases the client is completely in the hands of his insurance adviser. One can have more confidence in dealing with a person that one meets socially as well and who is readily accessible in a nearby office. This is one reason why the owner of the small factory or local department store looks to his local broker for handling his insurance than deal with the large City-based Lloyd's broker.

Again with large commercial and industrial companies, there is usually a full-time executive handling the insurance problems of the company. Often he will be a professional insurance man, by training and background. In dealing with his insurance broker, it is one expert talking to another in many respects. With smaller companies dealing with insurance is just one more chore for the company secretary, to be dealt with when he can find the time. He needs a broker who is not only prepared to discuss his insurance

CONTINUED ON NEXT PAGE

## Ruling by register

THREE YEARS of concentrated effort come to fruition this year when in December the insurance brokers' register is opened under the Insurance Brokers (Registration) Act 1975. Under this Act the insurance brokers have been given the power to keep their own house in order through self-regulation and supervision. The Act has been designed to protect the consumer and restore the image and status of the insurance broker which have been tarnished somewhat by a small minority of so-called "rogue brokers."

It will now be obligatory for all who wish to trade as an insurance broker to register and conform to certain minimum standards. In the past anybody could open an office and call themselves insurance brokers regardless of previous experience in the industry. Since the general public has a very poor knowledge of insurance they would find it hard to differentiate between these unprofessional operators and the average sound insurance broker. As such the man in the street was often being sold the wrong policy while the "rogue broker" himself could be channeling too much business towards one insurance company. This not only limits the range of products available but it also means that the consumer is not getting the impartial service that is required.

Given the problems that do exist within the sector it is encouraging for the consumer that the insurance brokers have been given the opportunity to sort things out. The Government was clearly concerned that the public could be in a position to determine just what broker was offering impartial advice and who was basically an agent for a particular insurance company. It was in May of 1975 that the then Secretary of State for Trade invited the four main insurance bodies to put forward proposals for the identification and supervision of insurance brokers. Several months later the four broking organisations produced a consultative document outlining their plans for self-governing the insurance broking industry. It is these proposals that have formed the basis of the Insurance Brokers Registration Act. At the moment committees are still discussing the various regulations that will be imposed and no announcement is likely until the summer although the broad outline is fairly clear. Having said this there are one or two areas where the Act could have been more forceful. One of the qualifications for registration for example is that a person who has carried on business as an insurance broker or as a whole-time agent for two or more insurance companies in relation to insurance business for a period of not less than five years shall be entitled to register. This means that even those fringe unprofessional operators who set up business more than five years ago would get by the net. The Registration Council does, however, have the powers to check the registration even if the broker has been in operation for more than five years since his character and suitability to be registered as a broker need

to be satisfactory. But how the Council will actually determine this is difficult to see when the broker has successfully operated for at least five years.

Still, at least the brokers will need to conform to some fairly rigid rules if they hope to stay in business as an insurance broker. While the final details have yet to be finalised they will need to see that their businesses have sufficient working capital. Moreover, the value of assets must exceed the amount of liabilities by an adequate margin. Of course the Council, when stipulating these requirements, are bound to take account of the one man operations. So the minimum capital requirement is unlikely to be much more than £1,000.

A further encouraging requirement is that the number of insurance companies with which the broker places insurance business, and the amount of insurance business that they place with each insurance company is such as to prevent their businesses from becoming too dependent on any particular insurance company.

The methods of accounting will also need to be tighter. Brokers will need to keep records showing and explaining the transactions of their business. On top of this they will need to prepare and submit at regular intervals balance sheets and profit and loss statements for the purpose of giving a true view of the state of their business.

Any major accounting changes such as these will almost certainly mean a gap of about two years before the Act can be

fully implemented. The Council after all is empowered to require brokers to produce reports given by qualified accountants at such intervals as they may prescribe.

The Council will also require the brokers to take out the necessary professional indemnity cover. This insurance will mean that any financial loss due to mistakes by the broker will be reimbursed without the possibility of the broker going into bankruptcy. Brokers have the option to authorise the Council to establish and maintain a fund enabling such grants or other payments to be made. This fund would mean that in the event of losses caused by the insolvency of the broker the client's losses would be met.

Any individual who uses the title or description which includes the expression "insurance broker" when he is not registered in the register shall be liable to a fine not exceeding £400.

There are bound to be a number of teething problems but if the consumer is to be protected the Act must be successfully implemented. After all, when the average man in the street consults a broker he is very much in his hands. As such the consumer must have complete faith in the broker. This can only be achieved by tight control over the registered brokers. The Act is designed to create a system whereby insurance brokers are not only sound financially, but in the service they offer. The reputation of the industry is at stake.

David Wright

## With one strong voice

THE AMALGAMATION of the four separate insurance broking associations—the Association of Insurance Brokers, the Confederation of Insurance Brokers, Lloyd's Insurance Brokers Association and the Federation of Insurance Brokers—in January 1977 into the new British Insurance Brokers Association (BIBA), had made a great deal of sense for some time. But its happening at the beginning of last year was especially fortunate for two main reasons. First, the industry needed to present a united front, with one strong voice, at a time when the City is under scrutiny by Sir Harold Wilson and his team. Secondly, it was necessary for there to be only one body in order to conduct the business of registering all insurance brokers, which becomes effective legislation at the end of 1979.

Membership of the new association is of course not strictly speaking compulsory. But a divided industry is a weak one and it is significant that BIBA already has 3,500 members—this number represents the total number of firms, whether of one or more persons—and there are a further 1,000 applicants in the pipeline. Perhaps more important is the fact that membership is not freely handed out and is by no means automatic. Those who apply have got to satisfy a number of basic requirements

some of which defy precise definition, and pay a fee, which again is not set but fixed according to circumstances. The decision as to whether an applicant is admitted will rely on a general assessment of the firm. The applicant will have to give some evidence as to its (or his or her) experience and professional expertise in the insurance business—something which clearly is a question of judgment on the part of BIBA. There will also need to be evidence of sufficient staffing arrangements and of efficient administration. Furthermore, the applicant will have to have a business with a minimum paid-up capital of £1,000 and have professional indemnity insurance of a minimum of £250,000. Properly audited accounts will have to be produced as evidence of the viability of the business.

The list is clearly comprehensive, making the processing of applicants a somewhat lengthy process. It is of course one thing to satisfy a list of arbitrary requirements and another to prove that business is conducted properly in the field. An extra fail-safe in this respect is the telling requirement that all members have to be registered under the new Act. Like any serious-minded trade association, BIBA will be attempting to promote the insurance broking industry and its views. To this end it is busily preparing written evidence to be submitted to the Wilson Committee in the near future, just as representatives of others in the financial sector have been doing over these past months. It will also be speaking to the Government directly on all matters in the industry's interests.

Quite significant too is the function of BIBA in handling complaints and inquiries from the public. The BIBA staff, on receiving any sort of complaint, will take the matter from then on and seek further information from the broker in question and answer the letter. In other words the complaint will be processed rather than just passed on to the broker.

Changes in legislation affecting brokers will also be interpreted and disseminated, whether from the U.K. Government or from the EEC. Finally BIBA has already got under way with an industry publicity campaign which has appeared in the national Press. The message that comes across is very clear. If you want to know anything about buying insurance—life, general or whatever—then the body to approach for information is the British Insurance Brokers Association. The aim of this campaign, which does not have a price tag (at least not one that is disclosed), is to establish the value of the insurance

broking function in the mind of the general public.

BIBA is also stating, quite categorically, that it is in charge of monitoring the professional conduct of its members and is also the place to go if one has a grievance about the conduct of a member. As the advertisement says, "With the formation of BIBA, you have recourse to single professional association of British Insurance Brokers. Such an association has not existed before. And you, as a buyer of insurance, should know about it."

The change of attitude on the part of the profession is quite remarkable, and one to be welcomed. To some extent no doubt this open approach owes something to the fact that the City is under immense pressure to show that its working institutions can police themselves without the need for outside interference. But whatever the motives, political or otherwise, the beneficiaries must be policyholders.

That an industry traditionally reticent and with its normal share of professional jealousies has managed to get under one umbrella at all is quite an achievement. This can only enhance the image of insurance brokers who, apart from their position in the City, have a uniquely powerful role in insurance throughout the world.

Keith Lewis



INSURANCE BROKING III

# Expansion into overseas markets

THE DEVELOPMENT of new markets and new business is essential for any company's future growth. This corporate realism has been headed for a long time by the insurance broking community.

While outsiders may have felt that the brokers could have red quite comfortably off the it of brokerage earned on renewal premiums, the brokers themselves have had other ideas. With what appears to be an unlimited market—world demand for insurance is estimated to grow at an impressive 15 per

cent a year—the enterprising broker can at least feel confident that much of his effort to expand need not necessarily be in vain.

So it is not surprising that there has been a rapid expansion by U.K. brokers into new overseas markets, particularly into developing countries, where their services are increasingly in demand. Brokers are establishing themselves in such areas as the Middle East, Africa, South America, Far East and Europe.

However, penetration of these

markets is by no means trouble-free. In many countries the only effective way of establishing a presence within the market is either to acquire a local insurance broker or go into partnership with local interests.

To acquire a local broker with a good business and premium price would have to be paid, while the loss of some goodwill on the change of ownership could mean a loss of business. Local partners are useful in helping to avoid this latter risk. But then there are high start-up costs, and it can take a few years before there is any worthwhile contribution to profits.

Developing countries have tended to be more nationalistic. This need not mean complete nationalisation of foreign interests but the U.K. broker is often only allowed a minority interest, even though he may be providing most of the expertise. That broker could lose control and may not receive an income which reflects his capital outlay. However, the U.K. brokers' links with the London market and superior expertise ensure that they get a significant amount of the reinsurance business available.

substantial increase in the volume of insurance business flowing from the U.S. into Lloyd's and the other insurance markets in London via international insurance brokers.

C. T. Bowring, Sedgwick Forbes and Willis Faber have among the strongest positions within the U.S. market. While local representation of each is modest, they have tended to carve up most of the direct business coming out of the U.S. from the major domestic insurance broking groups between them. They also have strong presences in the reinsurance class of business.

Bowring has no direct involvement in the U.S. But the group does have strong trading relationships with several major U.S. broking groups, such as Guy Carpenter, the largest U.S. reinsurance broker, which is also a subsidiary of Marsh and McLennan. The group's links with Marsh and McLennan have been further strengthened by the acquisition for cash of a 20 per cent stake in Victor O. Schinnerer, another Marsh and McLennan subsidiary.

Sedgwick Forbes handles more direct business from the U.S. than any other London broker, a significant proportion of that "big account" business. The direct business is spread

over marine, including oil related risks, aviation, property and casualty classes. The group has strong connections in Canada.

Willis Faber, the most recently quoted of the U.K. major brokers, has a long established relationship with Johnson and Higgins, one of the big three-aviation and marine brokers in the U.S., while the non-marine and reinsurance business is backed up by an extensive correspondent network.

Other U.K. brokers also have established links. C. E. Heath, Minet Stewart Wrightson (the insurance broking arm of Matthews Wrightson) and Sten-

house all derive over 30 per cent of commission income from the U.S.

Alexander Howden recently acquired South Eastern Aviation Underwriters, a large Georgia-based aviation pool manager. It also has a close trading relationship with Alexander and Alexander on the direct side. But its principal link is with Wohlreich and Anderson, who are both excess and surplus line brokers and underwriting agents.

However, it is impossible to make any hard and fast conclusions about how successful brokers are in exploiting overseas markets since the way

## Backbone

CONTINUED FROM PREVIOUS PAGE

that the large broker has years from the spate of disavowals. The small broker has to be a jack of all trades.

But there is one field where specialisation is being forced on brokers—that of life and pensions. The new pensions legislation is so complex that it cannot be handled on a part-time basis. More brokers are operating separate life and pensions divisions with one or more partners dealing solely with these problems and having their own back-up specialist staff. It has been a full time job explaining the new state pension scheme and contract out requirements to employers, especially the smaller employer where the advantages and disadvantages of coming out of the new scheme were finely balanced.

With the general public, however, matters are somewhat different. Motor and household insurance is reasonably straightforward and easy to explain to the client. Motor insurance premium rates tend to vary considerably from company to company and the client always wants the cheapest. The broker has to recommend a contract taking into account the insurance company's reputation or handling claims as well as the premium level.

The broker, in dealing with his client's general insurance requirements, will remind him when the policy is due for renewal, check that the cover is up to date, and even advise on what the cover should be. The problems of underinsurance have been highlighted in recent

## Controls

Other countries have established legislation which protects their own domestic insurance markets. These regulatory controls can affect brokers' commission rates and limit his freedom over the placement of business.

In many of the new overseas markets competition is fierce, both from other international brokers and local concerns. In those conditions margins are squeezed and the renewal business is often under threat. Business from these areas can be volatile.

But the overseas market has provided most of the excitement for the U.K. brokers over the last three years or so. Around 55 per cent of the world's insurance premiums arise in America and roughly a third of the total brokerage income for the major U.K. insurance brokers.

What led to the growth in brokerage from the U.S. in recent years was the contraction of U.S. insurance capacity as a result of major underwriting losses suffered from 1974 onwards. This in turn caused a

still an important contributor to the overall income of a Lloyd's broker. The agencies manage and administer the activities of the Lloyd's underwriting syndicates, which are composed of those Lloyd's members who are prepared to undertake insurance business on their own account.

Syndicates are formed for operational convenience. Those members, or "names," who do not possess any insurance expertise leave their affairs in the hands of an agent. The syndicate pays the underwriting agent a management fee and a share of the profits of the syndicate. If the syndicate makes a loss the agent is not liable for any part of the loss and is entitled to his management fee if he chooses.

The management fee is usually related to the premium limit of each name of the syndicate. If the number of names in the syndicate falls, the fee is generally sufficient to cover the expenses of the underwriting agency. Profit commission is around a fifth of underwriting profits and a fifth of net investment income, and this can fluctuate dramatically.

To conform with the requirements of the Committee, Lloyd's underwriting agencies must be controlled by members of Lloyd's. They cannot be subsidiaries of other companies. But the development of Lloyd's brokers in tandem with the

underwriting market means that many large underwriting agencies are closely linked with individual broking firms.

However, these agencies are usually controlled by members of Lloyd's who are directors of the broking company, and there are arrangements made where all of the income, or the profits, of the agency are passed over to the broking company.

Conflicts

But the risks of conflicts of interests are all too apparent. While the agent does act as a steward for his "names," he can find potentially suitable members and affect the necessary introductions. These members could eventually end up in the syndicates which the agent manages. The management fee would rise accordingly. Later the agent would be accepting insurance on the new underwriting members' behalf.

The broker, on the other hand, is the agent of the insured and should be independent of any insurer. But brokers are paid a commission by the insurer. Lloyd's brokers are naturally sensitive about their relationships with their agency interests and most try to establish an arm's length relationship, although this is not always easy.

Meanwhile a new trend has emerged. Underwriting agency income from insurance companies is a relatively recent

development. And it has mainly come about in response to a demand from overseas insurance companies.

Many overseas insurance companies now feel that it is essential to be represented in the London insurance market. But rather than set up a complete organisation of their own, they entrust their underwriting activities and funds to an agency company which runs the business in a similar way to a Lloyd's syndicate.

Some agency companies have opened underwriting offices in areas close to Lloyd's so that the brokers may readily visit the underwriters to ask for quotations.

But it usually takes a number of years for a new company to become fully established in the London market, and so able to build up a good premium income and underwriting record. As a result the agency's income may not be so high in the initial years.

When these companies are successfully established there is a possibility that they may decide to take over the underwriting management themselves, thus making this source of income unreliable. But the position gains to the brokers are that this operation cements relationships with the various companies, it provides additional capacity to the market and is also a useful source of reinsurance to the broker.

A number of brokers have

direct underwriting subsidiaries of their own. For instance, C. T. Bowring has three companies specialising in certain lines of business. While Alexander Howden has two non-life insurance companies operating through its underwriting agency specialising in marine and aviation business as well as other interests.

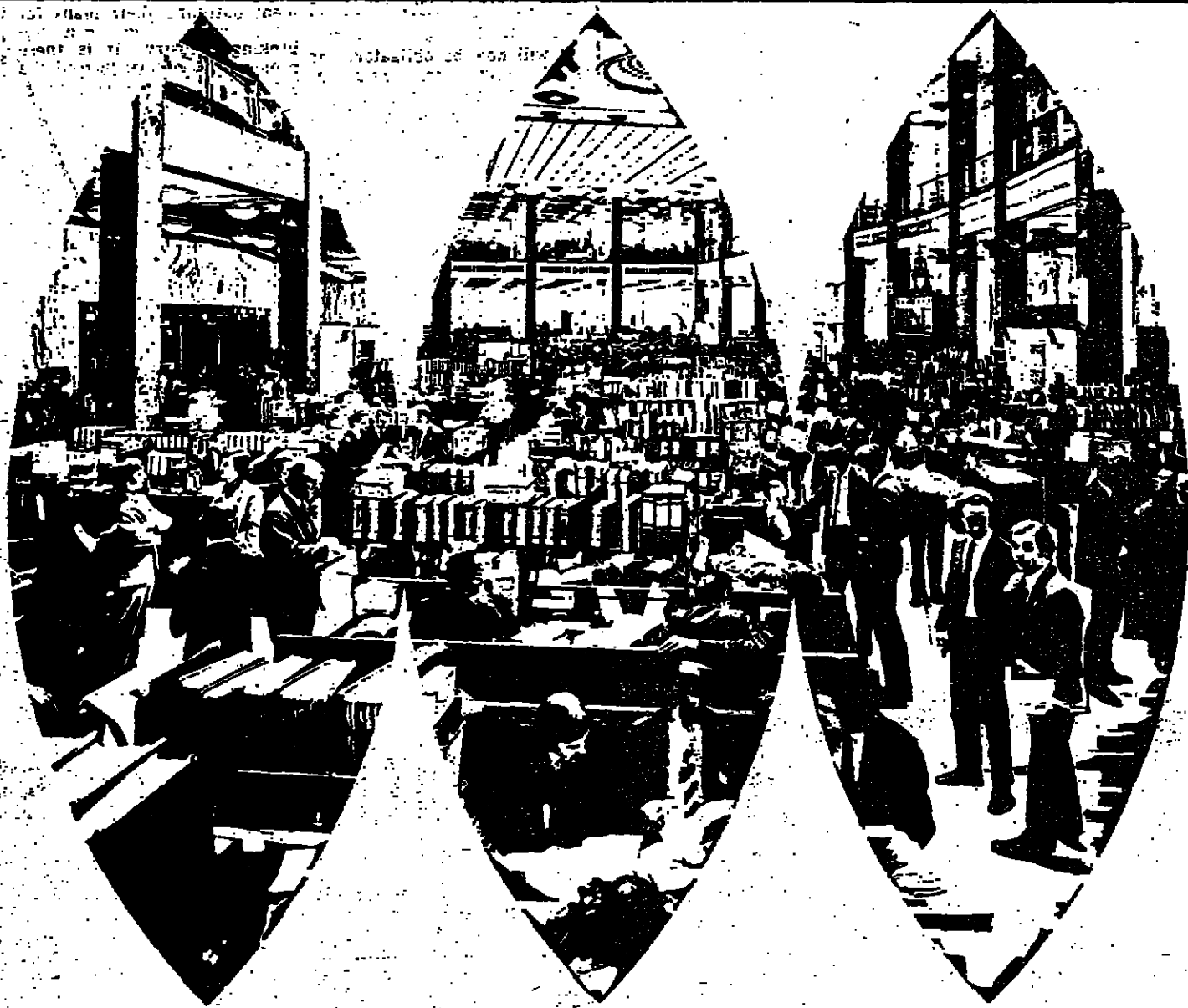
The underwriting subsidiaries all operate freely in the market, doing business with any broker. They reduce their exposure with substantial reinsurance facilities, arranged mostly by the parent broker, and they usually operate on the Lloyd's three-year accounting basis. Their profitability tends to follow that of Lloyd's.

Again the attraction to the broker is that it provides additional capacity to the market, it is a source of reinsurance business, and it keeps faith with those companies for which they are providing the underwriting management.

The edges of responsibility are now becoming very blurred—perhaps even to the extent where there is need for more policing by Lloyd's. Lloyd's itself recognised the difficulties and said in its last annual report that more regular and frequent inspection of agencies would be made with a view to improving the links within the Lloyd's agency system and its dealings with the market.

John Moore

## Lloyd's and its agencies

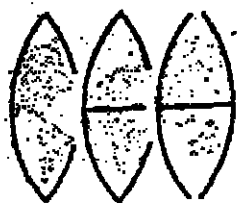


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## INSURANCE BROKING IV

## Shares still shaping well

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JUST for a few months last autumn it looked as though the long period of relative strength of insurance broking shares might be ending. At the end of August the ratio of the insurance brokers sector index to the FT-Actuaries All-Share Index reached an all-time peak of 172 per cent, having risen from under 70 per cent in 1969. It then dived in a couple of months to a level of only 140 per cent.

But it turned out that this was only a temporary reversal. Fears of a big problem of bad debts which emerged after the Matthews Wrightson interim statement last year were gradually put into a more reassuring perspective. Meanwhile the threat from the strength of sterling—hurtful to insurance brokers given their large overseas revenues but predominantly sterling costs—has faded a little in the last few weeks.

### Encouraging

Moreover, the early figures in the current insurance broking results season have been generally encouraging, with Sedgwick Forbes reporting a 40 per cent pre-tax profits rise to £23.2m, while the Midland Bank subsidiary Bland Payne (helped by its more favourable September year-end) has announced a 44 per cent rise to £21.9m.

Not all the figures have been as good as this—Alexander Howden's, for instance, were up by a more modest 16 per cent to £21.4m, pre-tax—but such growth contrasts well with the lacklustre performances being reported by most industrial companies. So the sector's relative strength has been recovering sharply, and by the middle of the month the index was up to 173 per cent of the All-Share,

hitting a new relative peak.

So the City has been convinced that the long-term trends which have favoured international insurance brokers operating out of London continue to be relevant. The role of Lloyd's in the world insurance market is a crucial point here of course, and as an institution this currently looks very healthy, recruiting substantial numbers of new "names" and boosting its capacity sharply.

In so far as this growth leads to even greater activity in excessively competitive sectors like the aviation market—where a new Lloyd's syndicate has recently started up—there could be problems. Significantly, aviation rates have remained unduly low despite the huge losses sustained a year ago in the Tenerife disaster.

On the other hand there is still a big supply of the major overseas projects which call for the expertise of the large brokers, and there is still sizeable growth in liability lines. In this connection business continues in particular to flow across the Atlantic from the U.S., where despite last year's impressive upswing in insurance profitability, capacity remains a limiting factor.

In advanced countries, especially the U.S., growth of consumerism and of legislation on questions such as safety in the workplace, together with huge increases in the levels of compensation awarded in the Courts, have led to a continual increase in the number of insurable risks perceived.

Although in less developed countries strong nationalistic feelings tend to keep foreign insurance underwriting companies out of the picture—the business being monopolised by nationalised operators—reinsurance is another matter. This tends to come out on the world market and thus falls very much within the ambit of the big insurance brokers.

But two of the normal advantages of insurance brokers—their liking for the sterling depreciation and high interest rates which have been common in the past few years—do not seem at present to count for very much. Their ability to keep pushing up their profits in less advantageous conditions is, however, an indication of the strength of their growth momentum.

By and large the City's analysts remain relatively optimistic. For instance, Philip Olsen of stockbrokers Kitcat and Aitken, specialists in the sector, is projecting an average growth of 15 to 16 per cent in pre-tax profits for 1978. Assuming constant currency

parties he estimates that income will grow by around 17 per cent, and on the basis that expenses increase at about the same rate pre-tax profits could rise almost in line with revenues. The results could be even more buoyant if sterling displays any weakness and if short-term interest rates show any tendency to rise.

One thing that could spoil this rosy picture for the stock market, however, could be a further wave of bad debt problems. Last year ripples spread out in many directions after problems were discovered at Robert Bradford, controlled by the Sime Darby group.

The essence of the difficulties in that instance appears to have been that certain aviation reinsurance business taken on by its underwriting pool was later repudiated by some of the underwriters. The affair came to

light when Matthews Wrightson provided £800,000 for bad debts in its 1977 interim report.

Since then sentiment has been ruffled by the suspension, in a quite different case, of a Lloyd's syndicate after a dispute with a Brazilian reinsurance company. Bad debts also came to the surface recently when Gianvill Enkhoven, part of the Charterhouse Group, disclosed in its annual report for 1977 that "it has been necessary this year to make larger provisions for bad debts."

The smaller and more rapidly growing companies appear to be most at risk from bad debts, which arise because brokers handle an overlapping two-way flow of premiums and claims, and may be caught out when claims are repudiated. On the

other hand the larger and longer established companies probably carry undisclosed bad debt reserves which can be used to absorb problems over payments.

Among individual share favourites at present for this large solid company which has a good recent record and whose last year trimmed its expense ratio sharply, C. T. Brown and C. E. Heath also have long-term potential.

Another factor which affects the share choice is the effect of diversification by the various companies. So successful reinsurance broking has been over the years that activities outside the field have come to be seen as an unwelcome dilution so far as the stock market is concerned. This is particularly relevant for companies like Rowbotham, with large interests in merchant banking and instalment credit.

Matthews Wrightson, with its shipbroking and property interests, and Stenhouse with a string of industrial activities, are the excellent recent performers by share prices in the sector—it will be difficult for the momentum to be maintained in the short run. The yield on the sector index has recently slipped to not much more than 4 per cent, and the price-earnings ratio remains well above the market average.

But over the years the big insurance brokers have proved that they will merit a high rating to world-wide potential rather than the sluggish British scene. Somewhere the drums may be beating a warning message about the world economy, but to the ears of insurance brokers they seem a very long way off.

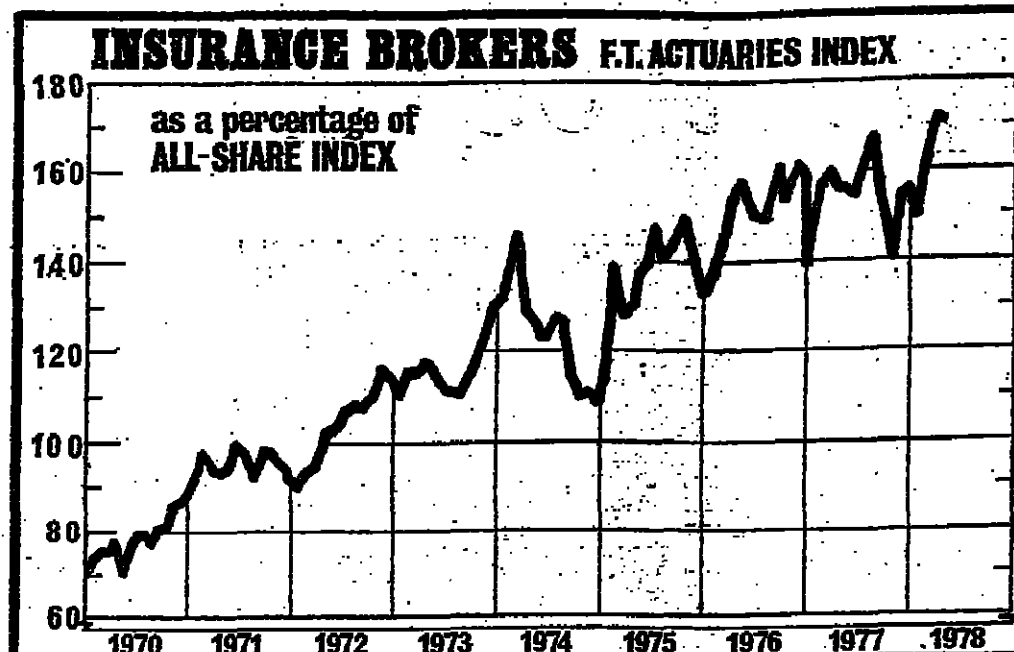
Barry Riley

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Barry Riley

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### Favourite

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## Firm growth in reinsurance

A GROWING amount of reinsurance is being placed throughout the world, and for a number of different reasons. Some direct insurers feel that because of modern methods and technology the catastrophe potential is increasing more rapidly than inflation and the reserves of individual insurers. There is therefore a greater need for "catastrophe" types of insurance.

In addition, an increasing number of countries are legislating so that insurance business can leave the country only by way of reinsurance. Such countries often require inward reinsurance too as reciprocity for the business they let out.

The current over-capacity in such markets as marine and aviation might appear to result in less demand for reinsurance. In practice, however, there are plenty of insurers throughout the world who would like to see business, and are happy to pay commission so as to receive it as reinsurance, appreciating that they would stand no chance of being offered the insurance on a direct basis. This demand can be met by some direct insurers who, worried about the weakness of premium rates, are happy to reinsure a proportion of the line they write, while waiting for more profitable times when they may retain more of the business for themselves.

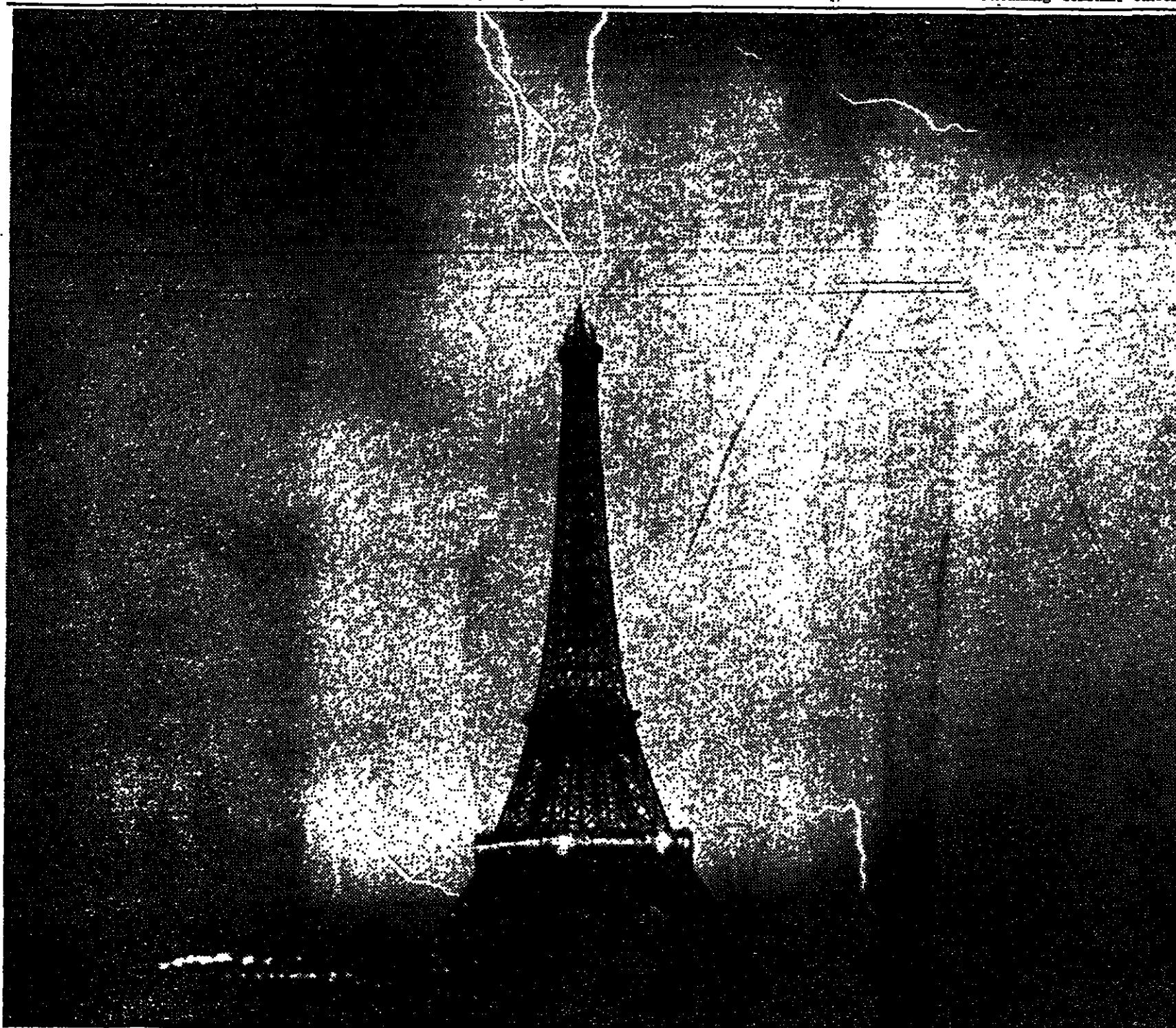
For brokers, reinsurance is very much a growing market, with arrangements increasingly tailored to suit the individual circumstances of the reinsured. That type of business has been growing, to some extent at the expense of direct arrangements between insurance companies where there is a more or less straight exchange of business.

British insurance brokers have the great advantage of having the Lloyd's market, which is writing an increasing volume of reinsurance. Often it proves more satisfactory for overseas business to be written in the domestic market, with substantial reinsurance being arranged. In some cases of course it is the reinsurers who in effect rate the risk. Generally British reinsurance brokers have welcomed the introduction of registration, and the standards and controls which will be imposed in connection with the activities of brokers. There is a feeling that there is scope for systems to be improved, for the benefit of both parties.

It may seem as though reinsurance brokers make life unduly difficult for themselves because they tend to prefer showing business in the first place to those underwriters who ask the most pertinent questions and delve most deeply into the subject. Their view is that it is only by obtaining quotations from the real experts that they will secure the best premium rates. Certainly some brokers feel that they are being required to provide much more information about their clients to reinsuring underwriters before the latter will write their treaties. While in theory a reinsurer should always obtain full information, there may have been an easier attitude in the past when there was more profitability in underwriting.

Then again, problems can arise with this type of arrangement, where, for example, it is alleged that a broker is securing business for insurers, has exceeded the underwriting limits imposed by the insurer. All in all, there is a sense of scope for mistakes and errors of judgement in the reinsurance field. Understandably, underwriters rely to a great extent on the brokers who place their reinsurance for them. There are plenty of reinsurance brokers throughout the world with whom many British underwriters and brokers would wish to place business. Some, serious financial problems could be relatively close at hand.

John Gaselee



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مكازم التحصيل



# Active links with export cover

## Message

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With a head office in the City, the ECGD has been serving the British industry since 1919. And although it is a government department its credit insurance operations do not involve the

construction contracts. The department provides support for performance bonds, consortium insurance, pre-shipment finance and cost escalation cover to the best of its ability.

The ECGD has also been seeking to encourage exporters to finance major credit contracts in foreign currencies. This has proved a catalyst for development, both to the exporter and to the banks. The signs are that both the banking community and industry have made relatively rapid progress in adjusting to this new and complex trading background.

**Jeffrey Brown**

**Jeffrey Brown**

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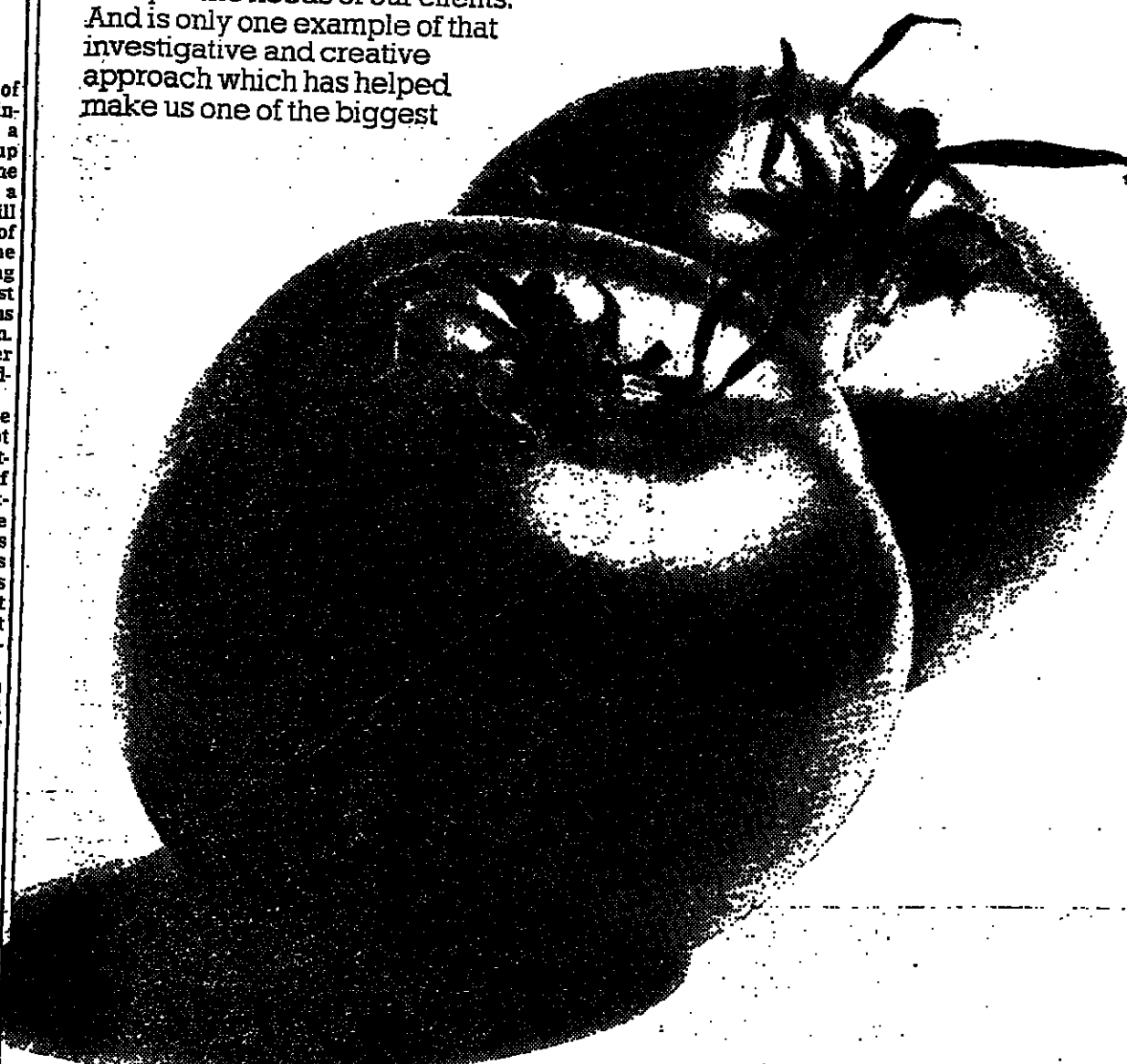
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# Sour grapes.

# New life policy rates

system this is more than paid to about 90 per cent. regardless of whether the client is young or not, or whether it is a with or without-profit policy.

So in one respect the public is better off. No profit whole-life policies may be right for many but probably more people were taking the cut in commission has taken some of the life has crowded out of the market but it has not been without its damaging side effects.

The companies are reporting a fall-off in whole-life business of between 20 and 40 per cent. On average the fall is probably nearer a quarter. The reason is that some of the younger people who were being serviced with whole-life policies are now left in the cold. Whole-life policies have proved right for many people, so the fact that the attraction of servicing this area of the market has lessened may prove a major failure for the public, even if the life offices and the larger brokers may be happy to see it diminish in importance.

argued, do less work for the same commission.

The brokers do seem to have a sound argument for some sort of renewal commission. At present the insurance company would not pay the broker a commission if the client switched within the single premium bond market. However, a client wanting advice when the time came to decide on a switching option, would automatically turn to the broker, who should offer advice but without reward.

The broker may well be paying fees for advice which is passed on to the client as to the right type of investment at the time of the switch option. Possibly he will have his own investment department. But whichever, the broker will be servicing the cost of that advice but perhaps not getting an adequate return. A fee charged to the client is a possibility, but brokers often turn cold at that suggestion.

Brokers offering investment advice is one of the signs of the time. More and more are they concentrating on investment rather than pure protection. Though they can claim hold

## Tempted

The spin-off from this state of affairs is that brokers may be tempted to let their newer and less-trained subordinates handle the whole-life business of the young clients. It is obviously logical for a broker to save his "big gun" for more profitable work. This may not be a totally bad situation for the client — the young broker obviously has training and the requirements of the client are more than likely met that demanding. But it may prove to be bad news for the industry in the long run.

A young broker saddled with a disproportionate amount of whole-life business will see his commission suffer. The new consultant may have his work cut out to pay his way if he is stuck with too much whole-life business. Therefore established producing firms have a serious disincentive to expand unless they are aiming solely at the top end of the market and to a large extent ignoring the less profitable whole-life business.

Training new consultants can prove an expensive pastime. For example, Richard Cockcroft of Towry Law (Holdings) reckons that his firm could spend up to £100,000 on nurturing newcomers to the field.

Not surprisingly, brokers are putting forward arguments as to how their commission income can be bolstered. One possibility is differential commission rates for brokers, presumably at the expense of agents who, it is

life market in value terms, in the actual number of contracts their position is probably far smaller, as they concentrate on the top end of the market.

Eventually brokers will aim even more at a total financial package. All the better brokers now have a fair smattering of legal, tax and investment (including unit trust) advice at their finger-tips, even if it is not all in-house. As time goes on this side of the business must seem to become more important, as the better brokers are aiming at the top slice of the market. After several years of shattering confidence, people are thinking in terms of investing again and the brokers' service could be in demand once more. Towry Law reports its new life business to be up 40 per cent. or 12 months ago — though unproved adds that profits will not be following suit.

Nevertheless, brokers sound fairly encouraging about prospects. Mr. Poinpoint of Leicester Brokers, Poinpoint York commented that the outlook so far as he is concerned, remains very healthy as public demand for more specialist service increases. Accountants and solicitors who as agents may account for as much as a quarter of life business, will probably pass more work the way of brokers rather than deal with it themselves, so the broker could be in a position to expand his market share.

## Terry Garrett

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## INSURANCE BROKING VI

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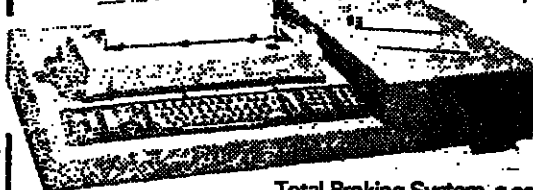
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## Pension consultants explore the next stage

FOR ALL THAT most British companies put off their decision to contract in or to contract out of the new State pension scheme until the very last moment, it has provided a great many people with a very great deal of work for a considerable amount of time. For individual companies that might have been an out and out nuisance. For the pensions consultant it has been a bonanza. And now that the whole thing is more or less sorted out, the question is, what do they do next?

Privately one or two of them will admit that it's a question that has been worrying them. It isn't that there's any shortage of work in the immediate future. On the contrary, consultants are likely to be quite as busy as they have been, or possibly rather more so, as the administrative details of the new scheme are worked out, and the gospel spread among the working multitudes. Over the longer term, however, there is more to be said. Whereas the new regulations called for a burst of looks at uniform activity, it who would stay the consultant after most have business here the capacity to do will and former, much more so to his role.

As things stand at the moment, the pensions consultants have three areas on which to concentrate. In the first place, most of the decisions to contract in or to contract out have been made on an informal basis: all the documentation has still to be formalised. That, according to the process of educating

to Jeremy Cohen of Willis Faber, is going to be "a tremendous job."

In the second place the administration of pension schemes, particularly for those companies which have contracted out, will have to be "revolutionised." That revolution will certainly take in the introduction of new formulae for benefits, new procedures for the presentation of forms to the Department of Health and Social Security, maybe even the introduction of computer programmes.

### Administration

But some firms reckon that it can be taken much further, with all the administration of companies' pension funds taken over by the consultants for a fee. The insurance companies, they reckon, will not want to take on the work; and the companies, quite simply, will not be able to. It's a view which is to some extent disputed, though others among the consulting fraternity reckon that the insurance companies will be both willing and able to take on all the work.

And last, but far from least, in fact, the most urgent job of all—there is the education of members of their schemes. Most people say that they have tended to neglect in the bustle of preparing to conform with new legislation, will, when it is resumed, be enough to keep them busy.

people into the benefits they can expect at a rather earlier stage of their working life can be seen as an extension of this process.

Everyone agrees that such education as has been done already has, on the whole, been pitifully amateur: witness the extremely widespread ignorance of the subject. So the techniques are getting very much more sophisticated, though the object of the exercise may be exactly the same. At least insofar as it's a matter of updating the firm's booklet on its pensions, this job should be out of the way within the next twelve months. Insofar as it's a matter of educating people in the circumstances they can expect in what might—with increasing longevity and the prospect of a reduction in the pension age—be a large part of their life span, it is—almost literally—going to be a lifetime's work.

Which is all well and good, but it still means that there are likely to be highly trained people retained by the consultants who—in a year at the outside, in all probability—will find themselves with too little to do. Everyone agrees that the incidence of "new" new work is from now on likely to be extremely low. So the question is going to be, whether the normal consultancy work which people say that they have tended to neglect in the bustle of preparing to conform with new legislation, will, when it is resumed, be enough to keep them busy.

is likely to take several forms. In the first place most consultants agree that there is room, at both the top and the bottom end of the scale, for improvement in individual's benefits. Partly because of the tax advantages, and partly, too, because some highly paid executives are starting to get nervous about the impact of trade union membership of pension Boards upon their policy (though experience so far suggests that trade unionists are the most conservative of investors when given the opportunity to try their hand), there is great scope for an increase in the sales of "Top Hat" policies. In particular the scope they offer for mitigating the impact of capital transfer tax—which could otherwise necessitate the break-up of a family firm when the owner dies—should keep the number of such policies growing.

At the other end of the scale there is the opportunity, particularly for firms which have contracted into the State pension scheme, to provide additional benefits for their workers. There is one glaring omission in the new State scheme: the provision of a capital sum on death or retirement. And already consultants reckon that employers will be making the provision of such a topped-up benefit an attraction of their conditions of service. But there are other areas, too, in which benefits could be improved, notably permanent health benefits.

More radically, some consultants reckon that companies who have recently made the

choice between becoming contracted in or staying out are provided; and in some cases the investment policy of pension funds require a complete overhaul. Now this is not be the sort of business which provides bread, but it will be a very great volume of work, but it will be enough to employ some of the staff built up within the boom years. And finally, there are the areas of pension work which have been neglected over the past three or four years, while companies, and their pension funds accustomed themselves to a radical change in the ground rules. In particular,

there is some restructuring of employee benefits still to be provided; and in some cases the investment policy of pension funds require a complete overhaul. Now this is not be the sort of business which provides bread, but it will be a very great volume of work, but it will be enough to employ some of the staff built up within the boom years. And finally, there are the areas of pension work which have been neglected over the past three or four years, while companies, and their pension funds accustomed themselves to a radical change in the ground rules. In particular,

Adrienne Glee

### Antony Gibbs, Sage Ltd.

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## Developments in EEC lack momentum

The U.K. insurance industry has been enthusiastic about harmonisation of all insurance matters ever since Britain joined the EEC. The insurance brokers were keen to see all barriers between member countries removed. They looked for complete freedom so that a U.K. broker could place, say, a German insurance risk anywhere within the EEC. But progress towards this ultimate goal has been painfully slow.

The reasons do not lie in any lack of endeavour on the part of U.K. or Continental brokers. But to harmonise radically different insurance operations and methods of operation of insurance intermediaries has proved a far tougher task than originally envisaged.

A transitional directive for insurance intermediaries has been adopted which prescribes for intermediaries to trade on both an establishment and a services basis within the member countries of the EEC. This is being done by providing for mutual recognition between the member countries of standard qualifications for intermediaries.

This means that a broker can set up in any member country, and be recognised by the authorities as an insurance intermediary and transact insur-

ance business for clients established in that country. But he will still have to abide by the legislative requirement for placing insurance business, which may well impose the requirement to have the insurance underwritten in the concerned country. He may well be prevented from writing the business across national frontiers. For instance, a U.K. broker will not place a risk back at Lloyd's.

Other countries have, for many years been far more advanced in regulating the activities of insurance intermediaries in their countries. In those, unlike in Britain's, no one can just set up as an insurance broker or even a direct insurance salesman without fulfilling minimum educational, experience and other qualifications. The moves to regulate insurance brokers in this country will bring it in line with other European countries. Brokers will need a certificate issued by the country of domicile in order to operate in other countries. In Britain, this will be issued by the Department of Trade, possibly in conjunction with the Registration Council.

This transitional directive provides that subject to intermediaries having the necessary

qualifications, they must be permitted to establish a presence in the member country or provide a service. The directive is expected to come into force early next year, and will be effective until such time as there is total co-ordination of the insurance industries in the EEC.

So the directive comes into operation automatically, even though there are one or two countries that have shown reluctance to allow brokers into their country, where previously broking as understood in Britain did not really apply. In practice the benefits of this directive are fairly minimal and finalise a situation that already existed. U.K. brokers wanting to operate in Europe could always do so either by setting up a subsidiary or going into partnership with a local intermediary.

Complete freedom will only come when insurance risks can be placed anywhere within the EEC. Then the insurance broker will be able to operate in the best interests of his client. There is a services directive in being but it has become completely bogged down because it does mean a complete change in attitude towards insurance operations by the authorities. There is an establishment directive which enables insurers to set up subsidiaries in a country. But it has to abide by the legislative requirements of that country which may impose the obligation to underwrite the risk on premium rates determined by the authorities.

But until there is freedom of services, so that brokers can place business anywhere in the EEC, then a common market in insurance will not be achieved and brokers will be doing little more than at present.

The reasons for delay are varied and were spelt out in detail in January by Mr. Christopher Tugendhat, member of the EEC Commission, when he spoke at the Insurance Institute of London. The first major cause of delay is a bureaucratic one—the procedures adopted by the Commission for scrutinising and discussing directives, which have now been sanctified by the passage of time. Part of this procedure appears to be that the texts of the directive are scrutinised too often by the same people acting in different capacities—first by the Council's working group and then by the committees working group. Not surprisingly, this double examination is time-consuming, and in a field as technical as insurance it is staggeringly so.

But the most important cause of delay is the real reluctance of certain countries, notably France and West Germany, to open up their hitherto protected domestic insurance markets to

outside competition any more quickly than they are obliged to. They have no experience of international insurance competition, and they apparently do not want it unless it is absolutely inevitable. These countries fear competition, understandably, since they have never had to face it and prefer to hasten the day as slowly as possible. In Community matters progress is at the pace of the slowest.

All these delays must be galling to insurance brokers, since this subject is primarily the province of insurers. But despite Mr. Tugendhat's recent attack on the delays and a demand for a speeding up, U.K. insurance brokers do not expect a real breakthrough in a services directive for some years. The differences in operations between the insurance industries in various countries are too great to allow speedy harmonisation. Not only is there difference in the control exercised by the insurance authorities; differences in taxation and investment return equally lead straightaway to variations in premium rates charges for the same risk.

One fact now being accepted by British insurers is that harmonisation of insurance is unlikely to come about until there is a complete monetary union. Then a common tax system and freedom of investment would enable a common system of insurance to become more feasible. The U.K. insurers are beginning to feel that it is not possible to have a common insurance system independent of a common money system. Meanwhile, insurance brokers can only operate within the framework already achieved.

Eric Short



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مكاتب الأصيل







IT IS by no means conceivable that the future of the Lords could be an issue of the next British general election campaign. The last Labour Party Conference, after all, voted in favour of abolition of the Upper Chamber by an overwhelming majority, and although that has yet to be translated into the form of a manifesto and may not be such a chance as it might appear the Tories a chance at least that Labour is abolitionist at heart, and would prefer, as Lord Hailsham once put it, an "elective dictatorship." It is therefore useful that the Conservative Party should have elected to the chairmanship of Lord Howe has now put forward some ideas of its own.

There are one or two other miscellaneous conclusions — such as a call for a new Mediation Committee which would seek to resolve differences between the two Houses of Parliament, and for the separation of the honours system from the legislative responsibilities of the House of Lords. But, for the rest, the Report is pretty tentative: its basic message is that the Upper House needs to be reformed in order to be preserved and that there are all sorts of possible ways of going about it.

A TENTATIVE settlement has been reached in one of West Germany's two major industrial disputes. In the printing industry employers and union leaders have agreed on a compromise formula which, it is hoped, will put an end to weeks of strikes and lock-outs. The agreement, covering pay and manning levels for printers as new newspaper technology is introduced, is not totally satisfactory for either of the parties, and could still be rejected by the union and file in the printing union. Nevertheless, both sides were confident yesterday that newspapers would start reappearing for the first time in six days.

The newspaper industry's problems, however, are due to other factors than pay claims and are not typical of those of industry as a whole. Much more worrying for the West German economy is the continuing dispute in the engineering industry, which seemed yesterday to be even further from solution. Following the failure of weekend negotiations for a new contract for striking metal-workers in Baden-Wuerttemberg, a lock-out has gone ahead at 70 major plants. Metal-using industries will be the first to suffer from the dispute's side effects. Volkswagen is now saying that shortage of materials will oblige it to suspend production if a settlement has not been reached in ten days' time and has announced plans to introduce short-time working as a precautionary measure.

The actual sums involved in the metal-workers' dispute are not enormous, and the gap between the two sides has not narrowed to around 1 per cent. Negotiations of new job security guarantees may prove harder. German industry has not remained immune from the effects of recession, even if it is still coping better than nearly all its West European partners. The current unrest is a reminder that West Germany, too, will come under pressure as labour-intensive industries move to other areas. The industries that remain become increasingly capital- or technology-intensive in the years ahead.

M. Chaban-Delmas : premier potentiel.

**M. Barre: premier triomphant.**

Mme. Veil: premier adjoint.

**By ROBERT MAUTHNER, Paris Correspondent**

The results of the can-  
elections in the early spring of  
1976 and the municipal elections  
a year later showed that the  
Left had the necessary support  
to win the country to win the  
election. But the Socialists and  
the Communists threw it away  
by their suicidal quarrels  
during the last year, and by  
adopting a programme which  
was far too radical for the taste  
of a population which had  
already achieved a compara-  
tively high standard of living  
under Centre-Right Govern-  
ments.

Neveschkin are they likely to be. The program allows for a certain flexibility to adapt itself to the needs of a given economic situation and to be in power. Any arrangement with the Communists in the future will be much looser than the one they are made at all. M. M. Mikoyan, a loser in so many past parliamentary and presidential elections, is now faced by the same choice of the Communists as was with the Communists in 1957. Continuing up the Alliance and the coalition building path, he knows that President Valeriy Vladimirovich proved his point that French people basically do not want to be governed "from the top," would like to bring their own "socialists into a new Centralized Government. But can he make an about-turn so quickly

The conclusion to-day must be that the Communists knew well all along that their tactics would probably destroy the Union of the Left. But if they were courting disaster in one respect, they were at least making sure that they would not be swamped by the Socialists in the election. In the last resort, they were much more interested in preserving their strength in the country than in coming to power as junior partners in a Government dominated by social democrats.

The debate within the Socialist Party during the next few weeks are therefore likely to be bitter and divisive. There is clearly a possibility that the party will break into two, though M. Mitterrand will do his best to prevent so drastic a split. In short run, however, it appears unlikely that the Socialists will succumb to President Giscard's siren calls.

It is probably therefore, that the President will have to look for another solution, which can only be a variation of the outgoing coalition. But the emphasis would be different, since his own supporters, the new Union pour la démocratie française, an alliance of the Gaullist and the Christian Republican Party, the Centrists, has established itself as a group almost as powerful as the Gaullists. In the new National Assembly, the UDF will have 187 seats compared with the Gaullists' 145, thus giving the President some what more room for manoeuvre than President J. F. Kennedy had. M. Peyrefitte, though theoretically a Gaullist, is much closer in his way of thinking to Presidentiscard than he is to M. Jacques Chirac, the Gaullist leader. Another of a best-selling

The choice of Prime Minister will be of vital importance, for he must have Ga-list approval. No doubt, President Giscard would dearly like to reappoint M. Raymond Barre, who has not only proved to be an efficient economic administrator but, much more surprisingly, has developed into a formidable political figure, whose energetic electioneering astonished most observers.

too, could M. Chabaz  
who, in spite of his de  
the hands of M. Giscard  
in the 1974 presiden  
election, has lately gon  
of his to patch up hi  
ons with the President  
M. Chabaz-Delmas's pas  
well be against him, sinc  
was involved in a tax  
ance scandal which has no  
een forgotten. He strain  
ons with M. Jacques  
c—the Gaullist leade

through Schlesingers. According to Woodhouse, emotional objections to the clipboard girls are "totally subjective." I asked him if he thought the method should be made illegal. After a long pause he said he saw no reason why it should.

## Kitchen kitsch

The pot of gold, that fabled Irish institution, is back in the news. In Co. Wicklow, or in Newtownmountkenedy to be precise, Metal Spimmers (Ireland) Ltd., is actually making such there and—what is more—exporting them to the Arabs. Brian Butterfield, managing director of the firm, an offshoot of the Delta Metal Group, has just announced the first shipment.

One set, comprising three gold-plated, silver-lined, copper saucers and a frying pan, were sent to a Saudi buyer who has handed over \$870 for the privilege. Says Butterfield: "We got the idea after we heard the Arabs were buying gold-plated door handles."

**CAMRA** strikes again—or will do so at noon to-day. In the seven years since the Campaign for Real Ale was founded "its victories are legion," its spokesman, Roger Protz, told me yesterday. He and his team of picket-joiners are here, among the

right claim to have made  
Watney, Mann and Truman  
turn their plans to phase out  
real ale upside down and, to  
have obliged Allied Breweries  
to start their "major success,"  
Burton Ale. Now, Proiz says,  
Courage are the most hostile  
of the Big Six breweries and  
CAMRA intends to tackle the  
company head-on at to-day's  
AGM of its owners, Imperial.

Our readers might need re-  
minding as I did—that what

that when he protested about  
cloudy pint of bitter, the land-  
lord retorted: "What do you  
expect for 30p—thunder and  
lightning?" A Hampstead  
reader reports that when he  
complained about the shortage  
of gin in his gin and tonic, the  
barmaid explained sweetly  
"It's been sucked up into the  
lemon, see?"

**Observer**

## Reformist image

However is appointed Prime Minister, it is certain that President Giscard will do almost to recapture for his Government the enlightened and just image which was such a distinguishing feature of the first of his presidencies. He has already made it clear that he will take account of the voters' sentiment, as expressed in the round of the election. This surely means that the new Government will concentrate on measures leading to a fairer distribution of the country's wealth.

In spite of all the emphasis that was laid by M. Barre on bringing inflation and the balance of payments under control before moving into a new expansionary phase, the new Government can also be expected to relax some of the current austerity policies.

It can be argued, no doubt, that the impressive victory of the coalition showed that the electorate was not taken in by over-generous economic and social promises from the Left. The warnings of M. Barre and other government leaders that their programme during the election campaign. But Chirac's party, which has never liked President Giscard d'Estaing's particular brand of liberal reformism, is likely to restore his freedom of action in the fields.

immediate massive increases in the national minimum wage and social security benefits could only be financed by doubling taxation and would lead to galloping inflation and serious balance of payments problems, certainly appear to have had no effect on the voters.

That does not mean, however, that the outgoing Government's economic policies had met with general approval. The virtual freeze of purchasing power over the last 18 months, the high level of unemployment, still well above the 1m. mark, and in the case of industry,

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**Observer**

مكزاً من الأحجار



Tanker safety and the Amoco Cadiz disaster

# Prevention and the cures

BY IAN HARGREAVES, Shipping Correspondent

ERLING D. NAESS, chair of the Association of International Tanker Owners, could have picked a worse time than last week to wage a battle on what he called the hysteria about oil pollution.

His fellow shipowners, in the unlikely setting of the Grand Hotel, at the headlining of industry's annual conference, were giving a distorted picture of the true position.

Mr. Naess, who on his first day did newspaper interviews, insisted, and in any case 13m. tons were shot every year for oil.

Mr. Naess, it ought to be said, has the industry's record for many years in seeking more effective pollution controls, was making a fair statistical point. There have been 50 serious casualties among tankers over 150,000 deadweight tons in the years, in a 10 year total more than 100,000 dwt, but the oil hounding in the fractured politics of the 1,000 dwt Amoco Cadiz has not got much of a hearing.

It is too early at this stage to sort blame for the ground of the Amoco Cadiz. A court inquiry will certainly be held upon to that. What is to be commented, however, is the extent to which industry's ability to deal with such a disaster has improved since the fabled attempts to bomb the Torrey Canyon's cargo into extinction 11 years ago. Also ripe for assessment are the numerous compensation arrangements available to the victims of pollution

and the extent to which tanker owners themselves are to blame for the level of accidents, however low.

To deal with the last point first, there is no evidence to show that tanker accidents become more likely as ships get bigger—in fact U.K. Department of Trade figures show that the percentage of loss rate for tankers over 150,000 dwt, at 1.82, is slightly better than that for the smallest class of vessels, at 2.51.

The figures do show, as one would expect, that serious incidents become slightly more likely as the age of a ship increases. The U.K. figures for 1968-75 show serious casualties among 2.7 per cent of tankers over 15 years old, compared with 1.6 per cent for vessels below four years.

But neither set of figures really provides justification for any sweeping claim about how the accident figures as a whole could be reduced.

**Liberian flag**

One other argument in fairly common currency is that flags of convenience are to blame. The chief target for these accusations has been the flag of Liberia, a target rendered even more vulnerable by the fact that the Amoco Cadiz—like the American supertankers which collided off South Africa in December and the Argo Merchant, which grounded off Nantucket just over a year ago—is Liberian.

These recent accidents will almost certainly take Liberia back to the top of the annual marine casualties league, but Department of Trade figures over a longer monitoring period

show Greece's record to be worse than that of Liberia. The only likely clue to the casualty problem in an analysis of performance by flag, relates to two factors: the actual physical condition of the vessel and the quality of the crew.

In the case of the Argo Merchant, the court of inquiry found an appalling scene with a malfunctioning compass and corroded equipment. But that ship was 24 years old, way beyond the industry norm, and 20 years older than the Amoco Cadiz.

The question of crew quality is much less tangible, although almost everyone concerned with the problem of tanker safety agrees that it is the critical one. A number of factors are blamed, from the seafaring tradition of no one questioning the captain's decisions, even when they appear to be wrong, to the inadequacy of training establishments in certain countries.

What is probably not fair is the suggestion that only the flag of convenience countries have a training problem. There is much criticism within the industry, for example, of the U.S. system of labour pooling among seamen, which foreign shipowners say destroys continuity of operations on their vessels and prevents them making their own selections based on experience. Another area where there is scope for improvement concerns the inspection of ships and their officers' certificates. Forgeries are not uncommon, but are not usually too difficult to detect by qualified inspectors.

All these matters will be the subject of intensive discussion

at a conference of the United Nations maritime agency, IMCO, this summer, but it is clear that the road to progress is long and slow.

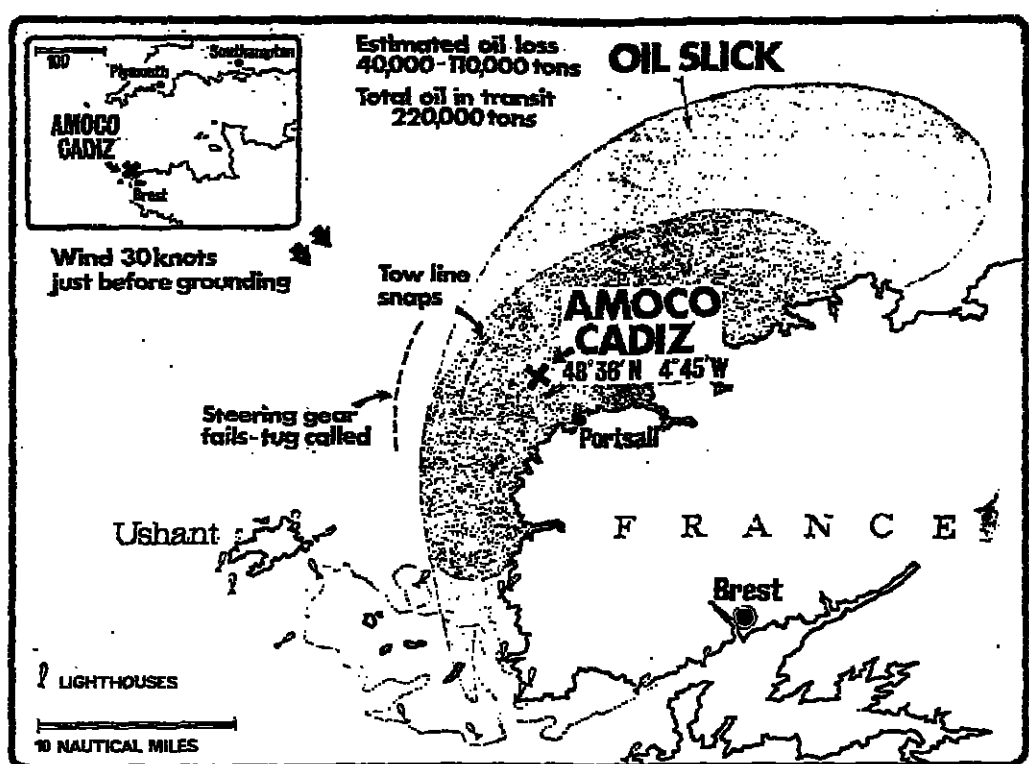
Of more immediate concern to the French authorities seeking to save the Brittany coastline from even greater devastation is the best method of dealing with the oil. Because of the recent experience of the Ekofisk blowout, the British authorities, five of whose vessels are currently in service under French direction, are well versed in possible methods of action.

Another curious technique, that of casting polystyrene blocks on the oil in the hope of blotting it up for future collection, was tried by the French in the early stages of their fight against the Amoco Cadiz's cargo. This was more a bid to demonstrate concrete action than a serious means of challenging pollution. The polystyrene blocks will probably prove as difficult to recapture as the loose oil.

When the immediate battle of the sludge is over, the thoughts of the people of Brest are likely to turn rapidly to questions of compensation and it is here that most progress can be reported—much of it a direct result of Torrey Canyon.

Tanker owners, prompted by governments, responded to the evidence of absence of any large-scale compensation agreement under their scheme to \$16.8m. and therefore to increase further the total involving CRISTAL to \$36.8m. CRISTAL itself should eventually be covered by a mandatory IMCO scheme known as the 1971 Fund Convention, which proposes an international fund on the CRISTAL model, but which has not yet been ratified by sufficient governments.

So the law and practice on compensation is now much tighter than it was in 1967 and both TOVALOP and CRISTAL have shown themselves able to make prompt payment. No-one can say what would happen, if



as is presumably conceivable in the case of the Amoco Cadiz or as might easily occur in the case of an in-port explosion, damage exceeded \$36m. Oil companies and tanker people argue that in reality compensation claims are much lower than would be expected on the basis of the future of the moment.

The reverberations from Amoco Cadiz are not likely, then, to be in the direction of improving compensation terms. One area which looks as though it could be under very specific challenge, though, is that of contracts of salvage.

It is still not clear what happened on board the Amoco Cadiz when the tug Pacific was summoned from Brest. It is normal under such circumstances for the captain of each vessel to begin by negotiating an hourly basis or a so-called "no cure, no pay" contract. This latter variety means the tugman is not paid if he fails to get the vessel to a chosen port of safety, but that if he

does get successfully to port he receives payment calculated on the basis of the rescued ship's value. One possible explanation for the delay which took place on Thursday evening when the Amoco Cadiz slipped slowly towards the rocks is that the captain was seeking permission from his owners Amoco, on what type of contract to accept.

This will certainly be one question for Captain Bardini and his crew when the court of inquiry is convened in France. The wider questions about how the authorities can prevent another such case will, inevitably, go unanswered.

Systems of co-ordination can be improved as they will be between Britain and France when the Manche Agreement on exchange of information and expertise is signed shortly. But when an accident occurs on the scale of a supertanker grounding, even the most optimistic and ambitious of politicians or oil technologists realise that there is little he can do except wait for nature's action to wash the consequences away.

W. J. Crest Nicholson, Ashley Hotel, Walton on Thames, 12 Derby Trust, Portman Hotel, W. 12, Everards Brewery, Leicester, 11, Essex Water, Caxton Hall, S.W. 12, Glass Glorier, Connaught Square, W. 12, Glasgow Stockholders, Glasgow, 11, Hill and Smith, Birmingham, 12, Imperial Group, Dorchester Hotel, W. 12, Lincolnton, 8, Belgrave Square, S.W. 12, Lovell (Y.J.), Portman Hotel, W. 12, Merritt, Bournemouth, 12, 30, Meldrum Investment Trust, St. Mary Axe, E.C. 11, 30, Saatchi and Saatchi, E.C. 11, 30, White Child and Boney, Connaught Rooms, W.C. 11, 30.

## Local authority reorganisation

In the Chairman of the District Council Association, Mr. Roland Freeman attempts to set the local government reorganisation of 1974 was wrong. In many ways it has been a remarkably successful one as the new entities have continued to provide and develop the wide range of local government services not provided by the local authorities of the past few years.

Mr. Freeman suggests that the local government reorganisation of 1974 was wrong. In many ways it has been a remarkably successful one as the new entities have continued to provide and develop the wide range of local government services not provided by the local authorities of the past few years.

## Letters to the Editor

three years and I hope a little more will be done to differentiate between screws and bolts. The move towards metrication slowed down in 1977 and the fast gallop of 1973 and 1974 has reduced to a slow trot as these figures illustrate.

International Organisation for Standardisation of metric units of fasteners as a percentage of total—

Year	%
1973	33
1974	37
1977	39.5

Our statistics reveal the following—

Imperial	Metric
Machine screws	68.5
Steel nuts	51.0
Bolts	50.0
Of all fastener products	60.5

It is interesting to observe that when the EEC adopted the ISO metric standard the conversion was accomplished within a decade, but we still remain locked into an expensive "in-between" stage.

As the U.K.'s largest distributors of fasteners, nationally based, and supplying all sectors of industry from a stock of 48,000 different types, our information base has a credible foundation.

E. G. Smith, 32, The Green, Banbury, Oxon.

## Energy unity

From Mr. N. Jenkins

Sir—It would appear from development of this theme in my letter (March 14), Mr. W. L. Wilson is not totally disagreeing with the suggestion of a unified energy industry. His further suggestion to me is one I entirely agree with: a centralised, independent, impartial, and may one say it, dedicated, energy authority that is completely lacking. Where we should have agreement we have disagreement.

Mr. Wilson takes the analogy of the armed forces—an extremely apt one. The internal disagreements between Navy, Army and Air Force were public knowledge and the cause for some concern—before, during and after World War II. The centralised defence department has gone a long way to remove the effects if not the causes of disagreements.

It would be foolish indeed to read into any advocacy of a centralised direction for the energy industries the loss of identity of any one of the four. Honest men of all persuasions must surely be convinced, whatever their personal and limited loyalties to an informed, authoritative, impartial, independent and impartial body evolving centralised policy would be vastly better than the present very sticky impasse. What better than an energy council?

Could I please draw the attention of Mr. Wilson and others of a like mind to the piece by Ray Daffer elsewhere in your issue of March 9 where Mr. Anthony Wedgwood Benn is reported as planning energy changes of a most remarkably coincident character.

Norman Jenkins, Whitehill, Epsom, Surrey.

## Selling steel

From the Managing Director, Finance and Supplies, British Steel Corporation

Sir—Mr. Orrow is mistaken in saying (March 10) that British Steel Corporation reduced its credit terms in 1973-74 to "10 days or cash". The credit terms in the Corporation's standard conditions of sale have remained unchanged since 1970 as regards steel sales in the U.K. and they provide for payment by the end of the month following the month in which the steel is despatched.

Following, British Steel Corporation, Box 40, Grosvenor Place, S.W. 1.

## Women at home

From Mr. P. Taylor

Sir—Eric Short points out (March 11) that women who spend time at home after April 5 looking after the family will not get the time so spent credited towards their state pension. I am a woman who has worked for the reduced rate of national insurance contributions. A woman thus disqualified can however, elect at any time to switch to the full contribution rate—and thereby become eligible for the credits—even if she is not working (see leaflet N11, paragraph 24). Obviously, if she is not working the switch will cost her nothing.

The switch takes effect from April 6, so married women (and widows) in this class may have a few days left in which to act if they want to avoid losing a year's credit.

Philip J. F. Taylor, 19, Ingham Road, Guildford, Surrey.

## Jobs at Lucas

From the Co-ordinator Campaign Against Arms Trade

Sir—Two years ago shop stewards at Lucas Aerospace, in a bid to avert redundancies, drew up a "corporate plan" listing 150 products which the Lucas workforce could be making. After considering the plan for a few months, the Lucas management said that it believed the only way to secure jobs was by concentrating on aerospace systems and components as had been done in the past.

In these past two years redundancies have continued at Lucas Aerospace, so that the workforce is now down to 12,000 from the 19,000 it was in 1971. And now a further 2,000 redundancies, with a complete closure of three sites, have been announced.

Studies by Lucas have shown that markets exist for many of the products included in the corporate plan. Moreover, the products are socially useful, such as medical and transportation equipment desperately needed in Britain and throughout the world.

Obviously, Lucas has not secured jobs by concentrating on its traditional products. Is it not time that it started looking elsewhere—to its own workforce—for new and creative ideas?

Sandy Merritt, 5 Caledonian Road, Kings Cross, N.1.

## On the backs of the workers

From Mr. J. Rutherford

Sir—Mr. Nottage (March 17) makes the point that a pay-as-you-go pension scheme is largely inflation proof, in contrast to a funded scheme. The truth of this statement could be argued, and I am sure it will by many fund managers. But an important point. The rate of contribution in a pay-as-you-go scheme will only remain static if total pensions stay the same as a percentage of the total wage bill.

The age structure of our population, however, and the current low birth rate means that the ratio of pensioners to working population is increasing and will continue to increase for the next 20 years at least. Thus, to increase pensions at the same rate as wages the rate of contribution must be steadily increased. This will not happen in funded pension schemes.

It is a case of "you pay your money and takes your choice" as wages the rate of contribution must be steadily increased. This will not happen in funded pension schemes.

John Rutherford, 14 Great Street, Edinburgh.

## Solicitors are speedy

From Mr. A. Roper

Sir—It may come as a considerable surprise to you and your readers that from my experience of conveying over many years I find that solicitors generally are among the fastest moving members of the business community.

Obviously there will be the odd exception, but the truth of the matter is that the delays in conveying are almost always attributable to local authorities, building societies, insurance companies and others with whom solicitors have to deal and particularly in the issue of local land charges searches and mortgage offers. A single delay by one of these in a chain of transactions holds up progress throughout the chain and unfortunately the clients and the public get the impression that the solicitors are slow. In contrast,

## ride in owning and

Mr. S. Ashmore

Farmers in Cherrington have been impressed by arguments for a need of two-tiered or farmer capital structure in agriculture (March 17). The second half of the article not convince him tenant farmers have considerable advantages over owner-landlords.

Does a working farmer 150,000 to buy 500 acres of land? He would be a millionaire. He would be a millionaire. He would be a millionaire.

## lowly going metric

The Chairman, Distributors

In the interest of saving the drive towards metrication I must dispute statement made in metric screws that the metric screws are better than the imperial ones. Your Industrial Correspondent, Kenneth Gooding, from a report produced by a Whiteley and I challenge accuracy of it.

We are the facts based upon the monitoring of our 40 industry over the past

## A recipe for inflation

From Mr. K. Middleton

Sir—Judging from Malcolm Rutherford's article (March 17) it appears that what used to be an economic heresy is now becoming received wisdom. He seems to accept the idea that governments can borrow on current account with impunity if they do so within a certain percentage of the gross domestic product. May one ask what authority there is for this view? Who sets the percentage, and on what basis?

Government borrowings over many years have already saddled

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Mr. Wilson takes the analogy of the armed forces—an extremely apt one. The internal disagreements between Navy, Army and Air Force were public knowledge and the cause for some concern—before, during and after World War II. The centralised defence department has gone a long way to remove the effects if not the causes of disagreements.

It would be foolish indeed to read into any advocacy of a centralised direction for the energy industries the loss of identity of any one of the four. Honest men of all persuasions must surely be convinced, whatever their personal and limited loyalties to an informed, authoritative, impartial, independent and impartial body evolving centralised policy would be vastly better than the present very sticky impasse. What better than an energy council?

Could I please draw the attention of Mr. Wilson and others of a like mind to the piece by Ray Daffer elsewhere in your issue of March 9 where Mr. Anthony Wedgwood Benn is reported as planning energy changes of a most remarkably coincident character.

Norman Jenkins, Whitehill, Epsom, Surrey.

## Selling steel

From the Managing Director, Finance and Supplies, British Steel Corporation

Sir—Mr. Orrow is mistaken in saying (March 10) that British Steel Corporation reduced its credit terms in 1973-74 to "10 days or cash". The credit terms in the Corporation's standard conditions of sale have remained unchanged since 1970 as regards steel sales in the U.K. and they provide for payment by the end of the month following the month in which the steel is despatched.

Following, British Steel Corporation, Box 40, Grosvenor Place, S.W. 1.

## Local authority reorganisation

In the Chairman of the District Council Association, Mr. Roland Freeman attempts to set the local government reorganisation of 1974 was wrong. In many ways it has been a remarkably successful one as the new entities have continued to provide and develop the wide range of local government services not provided by the local authorities of the past few years.

Mr. Freeman suggests that the local government reorganisation of 1974 was wrong. In many ways it has been a remarkably successful one as the new entities have continued to provide and develop the wide range of local government services not provided by the local authorities of the past few years.

## The only thing we overlook is each other

As part of the largest security company in Europe and the world, we've got standards to maintain.

The highest standards.

From detecting devices through to master controls, the equipment we install is our own.

Designed, developed, checked and tested to a fault, it's up-to-date and it's the best.

The same goes for our people. Whether they're on design, consultancy, installation, guarding or whatever. But nobody's perfect. And accidents do happen.

We can't be too careful.

Every Group 4 security plan —

small or large — includes an element of supervision.

Physically, we take care of it with both on-the-spot control systems and personal inspections at random intervals by Group 4 Supervisors.

And from a distance, we monitor men and equipment on a fail-safe system from electronically protected Central Stations which are operative 24 hours a day.

The best way to judge a security company is by its own security.

Why don't you look us over?

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## Sime Darby Holdings Limited INTERIM RESULTS FOR THE SIX MONTHS ENDED 31ST DECEMBER, 1977

- Interim Dividend up from 11% to 20%
- Directors propose one-for-one Bonus Issue.
- Half-year consolidated results improve. Turnover up 15% Profit attributable up 10%
- Principal subsidiaries improve results in first half.
- Directors foresee the profit growth continuing.

### SUMMARY OF CONSOLIDATED RESULTS

	Six months to 31st December 1977	1976	Year to 30th June 1977
	M\$ million	M\$ million	M\$ million
TURNOVER	708.59	615.60	1,367.93
PROFIT BEFORE TAXATION	81.35	74.26	151.43
PROFIT BEFORE EXTRAORDINARY ITEMS	28.67	26.00	55.54
EXTRAORDINARY ITEMS	.01	.04	39.94
PROFIT ATTRIBUTABLE TO SIME DARBY HOLDINGS LIMITED	28.66	26.04	95.48
	Interim	Interim	Total
Rate of dividends — gross	20%	11%	*40%

\*The Final Dividend for 1976/77 included a 5% Special Dividend related to an extraordinary profit on sales of land by a subsidiary.  
Kempas (Malaya) Berhad became a subsidiary on 27th December last, but has been treated as an associate in this half year. If treated as a subsidiary, profit attributable would have increased by M\$2.4 million. For the year to 30th June, 1978 it will be treated as a subsidiary.

16th March, 1978  
Copies of the full Interim Report sent to shareholders may be obtained on request from The Secretary, Sime Darby Holdings Limited, Wisma MISC, Jalan Conlay, Kuala Lumpur, Malaysia.

## Ibstock Johnsen up 16% but margins reduced

PRE-TAX PROFITS of Ibstock Johnsen reached a record £4.33m. for 1977 compared with £3.73m. last time, after being ahead from £1.73m. to £1.9m. at half time.

Turnover of the group, which manufactures bricks and acts as agents for woodpulp manufacturers, expanded by 55.8 per cent. from £22.84m. to £35.73m. including U.K. building products up by 37.1 per cent. to £23.2m.

The reduction in overall margins has been caused primarily by last year's acquisition in Belgium which added turnover but as expected incurred start-up losses during the year. Say the directors.

The tax charge, at £1.07m. (£1.14m.) reflects a change in policy on deferred tax. The change relates only to the U.K. building products division.

Earnings are shown at 26.78p (26.08p) per 25p share or at £1.63p (1.61p) on the old tax basis. The final dividend is 3.643p net, for a maximum permitted 6.143p (5.5p) total.

1977 1976

Turnover	35,730	22,840
Trading profit	4,330	3,730
Fibre division	2,170	2,120
From assoc.	660	1,130
Investment income	150	130
Loan interest	380	380
Profit before tax	4,330	3,730
Tax*	1,070	1,140
Net profit	3,260	2,590
Dividend	260	260
Retained	2,990	2,330

Reduced by £58,836 (£71,235) on change of accounting policy.

for future trading and terminal losses on closure of Ibstock Precast.

comment

Ibstock Johnsen continues to

back the brick cycle. Against a

fall of around 12 per cent. in

industry deliveries last year and

an 11 per cent. fall in facing

bricks (Ibstock's line) the group has pushed up sales volume in the U.K. to 23m. bricks, an increase of over 11 per cent. So the group's development of capacity at a time when competitors are probably more hesitant in weak market conditions is rewarding the group handsomely. In the U.K. production ran at a peak level of near 230m. bricks per annum mark, and margins only wavered slightly. It was overseas that most of the four point shortfall in margins was sustained due to currency movements. But start up losses in Belgium of around £110,000 on turnover of £1.8m. did not help. With production running at an increase of 17 per cent. in the U.K. against 11 per cent. in sales, working capital has jumped from £2.9m. to £5.56m. reducing the group's cash business from £2.9m. to £1.1m. The current year has made a promising start and the group could make around £5m. pre-tax. On a full tax charge the shares at 142p (up 1p) stand on a prospective p/e of 3.7 and yield a possible 7.4 per cent. They are not expensive.

## H. Denny up £0.35m. to £0.79m.

PRE-TAX profit of Henry Denny and Sons, a wholly-owned subsidiary of E. M. Denny (Holdings), advanced from a first half of £264,032, against £194,002, to finish the year to October 31, 1977, at a record £788,979, compared with £441,146 for the previous 53 weeks.

Tax for the period took £135,903 (£23,676 credit) leaving a net profit of £653,076 (£464,322). There was an extraordinary credit this time of £35,461, against a debit of £73,169. Dividends absorb £76,249 (£236,800).

The directors say that the current year to date is not producing the good results which were a feature of the first quarter of 1976-77 year. This is particularly so in Northern Ireland where profit margins on Wiltshire bacon have been eroded, they add.

In the absence of a rapid change in these circumstances, they are not optimistic that results for 1977-78 will match those now reported.

The company which is a bacon curer, meat packer and canner, has close status.

## Revenue rise at Montagu Boston

Revenue of Montagu Boston Investment Trust for the year to January 31, 1978, emerged up at £108,827 compared with £67,965 after tax of £128,078 against £74,171. The dividend is maintained at 0.875p per share costing £87,300 (same) and the amount retained comes out at £21,327 compared with a short-fall of £19,355, making the revenue

comment

Expanded Metal's profits declined

further in the second six months

(after a 21 per cent. shortfall in

the first half) to finish the year

31 per cent. down. Business was

very flat with turnover up only

3 per cent. but the big problems

occurred in the steel stockholding

and building products divisions.

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# TAKE A FRESH LOOK AT TURNER & NEWALL

## The Chairman reports:

### "A record year of growth"

Patrick Griffith, Chairman, Turner & Newall, made the following points in his Annual Statement:

#### Highlights of 1977

- \* Increased sales – up £81m at £414m
- \* Increased pre-tax profits – up £9.9m at £45.3m
- \* Increased overseas trading profits – up £5m
- \* Increased UK exports – up £21.9m
- \* Increased earnings per stock unit – up 5.38p
- \* Increased investment in the USA  
– chemicals and automotive components
- \* Increased investment in Canada  
– asbestos mining
- \* Increased investment in continental Europe  
– automotive components
- \* Increased investment in all UK activities

#### 1976 TRADING PROFIT

**£36.7m**

PLASTICS AND INDUSTRIAL MATERIALS	£9m
AUTOMOTIVE COMPONENTS	£12.9m
CONSTRUCTION MATERIALS	£9.7m
ASBESTOS MINING	£5.1m

#### 1977 TRADING PROFIT

**£48.5m**

PLASTICS AND INDUSTRIAL MATERIALS	£12.1m
AUTOMOTIVE COMPONENTS	£16.7m
CHEMICALS	£8.9m
CONSTRUCTION MATERIALS	£12.2m
ASBESTOS MINING	£6.6m

**TURNER  
& NEWALL  
LIMITED**

Providing what the future needs

To: Public Relations Dept, Turner & Newall Ltd,  
20 St Mary's Parsonage, Manchester M3 2NL.

Please send me a copy of your  
1977 Report and Accounts

Name \_\_\_\_\_

Address \_\_\_\_\_



## London Scottish Finance Corporation Limited

### Unaudited Interim Results for 26 weeks ended 24th January 1978

	26 weeks ended	26 weeks ended	52 weeks ended
	24.1.78	25.1.77	26.7.77
Profit before Finance Costs	471,785	448,154	938,394
Finance Costs	241,000	324,001	612,131
Profit before Taxation	230,785	122,153	326,263
Taxation (estimated)	42,000	77,894	77,894
Dividends	39,610	35,771	86,872
Profit Retained	149,175	59,382	161,497

#### Extract from Interim Statement

**Results:** The Group's profit before taxation shows an increase of 89% over the corresponding period last year.

Whilst lower finance costs have contributed to the improvement in the Group's profit, we have absorbed heavy non-recurring expenditure relating to the rationalisation of Dupont Brothers Limited.

Dupont is now trading profitably and should make a significant contribution to the Group's profit during the second half year.

At the end of January 1978, a Syndicate of Banks led by Barclays Merchant Bank Limited replaced the previous £2.5m. on demand Acceptance Credit Facility with a new three year Revolving Loan of £3m.

**Dividend:** The Board have pleasure in announcing an increase in the Interim Dividend from 7p to 7.75p per share, and on present indications expect to recommend an increase in the final dividend of not less than 10%.

Speakers House, 39 Deansgate, Manchester M3 2BE. Telephone 061-834 2861

## T & N to spend £25m. in U.K.

THE INTERESTS of Turner and Newall will be further expanded if profitable and logical, but the directors are well aware of the dangers that can arise from over-extended growth, Mr. Patrick Griffiths, the chairman, tells members.

He adds that the company is well-poised to take advantage of any up-turn in industrial activity. During 1977 the group made 11 acquisitions, the two largest being the purchase of a 52 per cent interest in Philip A. Hunt Chemical Corporation in the U.S., for about £9m., and an outright takeover of Storey Bros., a Lancashire-based maker of plastic products for £18m. as already known.

These were further steps in the group's programme to increase its interests in the U.S. and to expand its chemical and plastic activities. Important additions were also made to the automotive components side of the business in the U.K., U.S. and Continental Europe. Mr. Griffiths explained.

Capital spending in the U.K. during the year was almost 70 per cent. higher at £15.2m. and the directors plan to spend £25m. in this country during 1978. This money will go chiefly on a new unit built by BIP to manufacture PVC resin, increasing annual capacity by 30,000 tonnes, and a new plant by Newalls to make glass fibre insulation.

Two additional polypropylene film units are to be installed by Storeys and TBA is expanding its belting capacity. TAC will complete its second building block plant and experience will be gained by Engineering Components and Ferodo on increasing capacity, he says.

Significant spending is also planned for overseas on new projects and on expanding existing activities.

At the end of 1977 capital commitments amounted to £12m. (£4.2m.) and a further £21.4m. (£24.1m.) had been authorised but not committed.

As reported on March 3, for the year ended 1977, the group's profit advanced 28 per cent. to £45.2m. on sales of £1,111.7m. compared with £34.5m. on sales of £862.7m. The net dividend is raised to 10.00p (8.25p) per share.

On a current cost basis, according to the Hyde guidelines, profit is shown lower at £24.3m. (£18.1m.) after extra depreciation.

## Growth at County Bank

RESULTS FOR 1977 of County Bank, a National Westminster subsidiary, show pre-tax profit at £5.57m. against £4.27m. advances of £159.4m. against £166.8m., and gross assets at £531.9m. against £494.6m.

Mr. S. Wild, the chairman, says that in a year of fluctuating markets, all divisions found opportunities for improving their performance.

The corporate advisory division maintained its growing reputation and acted in over 40 merger situations and rights issues. Some 60 listed company clients now look to County as their merchant bank.

Advances, after allowing for repayments, rose by 14 per cent. By far the greater part of advances, now standing at just over £200m., are made to assist industry over the medium term both for specific capital projects and for working capital, often with a view to providing increased

export capacity. Towards the end of 1977, the bank began to develop its acceptance credit business and anticipates useful growth in this direction.

The investment division is concerned with the management of funds exceeding £1,000m. and the bank has recently placed special emphasis on seeking the management of funds for clients overseas.

The directors look forward to a further year of challenge but say that the profit levels of 1977 will be sufficient to match. However, Mr. Wild is confident that the momentum gained in recent years will carry the bank further forward in all aspects of corporate finance and advisory activities.

These are expected to show almost a five per cent loss for last year as well as suggesting a raise in salaries for the retiring board of directors.

A shareholders' action group is trying to gain support to query

the directors of the Royal Bank of Scotland, one of Britain's biggest co-operative societies, are expected to be challenged this week from shareholders over the latest report and accounts.

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## NatWest Registrars Department

National Westminster Bank Limited has been appointed Registrar of

### THE CLIFTON INVESTMENTS LIMITED

### BRIDGEWATER INVESTMENT TRUST LIMITED

### PADANG JAWA RUBBER ESTATE LIMITED

All documents for registration and correspondence should in future be sent to

National Westminster Bank Limited  
Registrar's Department  
PO Box No 82  
National Westminster Court  
37 Broad Street  
Bristol BS9 7NH.

Telephone Bristol (STD Code 0272)  
Register enquiries 290711  
Other matters 297144

## "Record achievements for the Society. Assets now £875 million."

Highlights of Bradford & Bingley Building Society's Year, presented at the Annual General Meeting held in Bingley on 20th March 1978.

### ASSETS

"The Society's Assets increased by over £182 Million or 26.34% - a record increase in the history of the Society."

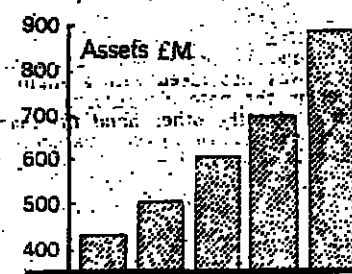
### INVESTMENTS

"During the year we opened almost 180,000 new investment accounts and received over £422 Million including interest credited, from our investors."

"In 1977 we granted 18,427 mortgages to new borrowers... a total of £165.6 Million."

"26% of all advances granted went to applicants purchasing pre-1919 property."

"Since October 1975, the Society has made available over £12 Million to Local Authority sponsored applicants."



4 out of every 10 BBBs mortgages granted in 1977 were for people buying their first house.

7,310 mortgages were granted to first-time purchasers who borrowed £39.7 Million.

Bradford & Bingley was the first Society to take part in a special house purchase scheme for young persons, the Gloucestershire Housing Society Young Persons Scheme.

Copies of the Report and Accounts can be obtained from The Secretary



**BBB**  
**BRADFORD & BINGLEY BUILDING SOCIETY**

HEAD OFFICE: BINGLEY, WEST YORKSHIRE LS15 7JW  
A member of the Building Societies Association.  
Over 500 Branches & Agencies



## Metal Closures Group



METAL AND PLASTIC PRODUCTS FOR PACKAGING

### Preliminary Announcement of Results

	Year to 31st December	1977	1976
		£000's	£000's
Sales		50,943	45,894
Profit before Tax		5,366	4,624
Profit after Tax and Minority Interests		2,441	2,045
Total dividends		4,213p	3,772p
Earnings per Share		12.06p	10.69p

The buoyant demand indicated in the half-yearly statement did not continue at the anticipated tempo and the Group operated below capacity in most areas towards the end of the year. Taking these circumstances into account, I suggest that the final results reflect a creditable performance. The maximum permissible final dividend of 2.513p per share is recommended.

We have increased our direct exports and have continued our favourable participation in the growth of our overseas agencies.

New and improved plant has been installed in both the plastics and metals sectors, which will enable us to take maximum competitive advantage of any upturn in the domestic and world economy which, although heralded, is not yet within sight. As a result demand in most companies in the Group continues well below capacity.

However, I view the short-term future with cautious optimism.

20th March 1978

John Boden, Chairman.



## Drake & Scull Holdings Limited

### Most Successful Trading Year ever

- Record result represents a remarkable transformation
- Further improvement in the Group's liquidity position
- Three principal operating companies all achieved record profits
- Current trading remains satisfactory and Group using every endeavour to expand into profitable overseas territories

### Summary of Results

	Year ended 31st October 1977	Year ended 31st October 1976
Turnover	54,089	49,538
Trading Profit	1,964	771
Profit before Taxation	2,624	879
Profit/(Loss) attributable to Ordinary Shareholders	717	(1,371)
Earnings/(Loss) per Ordinary Share	9.4p	(1.49p)
Basic	9.4p	(1.49p)
Fully Diluted	7.1p	(1.49p)

The company's Annual General Meeting will be held on Wednesday March 22nd, at 3.30 pm in The Churchill Hotel, Portman Square, London W1N 6AL.

## Booker McConnell

Strong all-round performance brings profits to new levels

Earnings per share 45% up

- Profit before tax up from £15m to £25m
- Attributable profit after tax up from £6.6m to £10.6m
- Earnings per share up from 24p to 34.8p
- Turnover up 47% to £523m
- Balance sheet strong; borrowings down



BIDS AND DEALS

# Provident Financial and Halifax Ins. to merge

TERMS HAVE been agreed whereby Provident Financial Group will acquire the capital of Halifax Insurance Company. The merger will be effected by a share exchange. Halifax will be converted into a subsidiary of Provident to reduce the expenses of the offer.

The terms are £2.475 in cash for each existing Halifax share. Halifax shareholders can opt for a 10 per cent. Unsecured Debenture or Provident 1983, the nominal value being equal to the cash consideration.

The principal activity of Halifax underwriting private car risks. The directors of Provident have been seeking to expand and diversify the group's operations and feel that the resources of Halifax are not being fully utilised. It is intended that Halifax will operate as far as possible as an independent entity. The directors of Halifax consider the terms fair and reasonable and recommend acceptance.

**PANEL UPHOLDS RULING ON MANX & O'SEAS INV.**

The City Panel on Take-Overs and Mergers has upheld its earlier ruling that Mr. H. A. Bonning and Mr. R. T. D. Stott were not acting concertedly in June, 1976, when they bought shares in Manx and O'Seas Investments, which together amounted to almost 50 per cent. of the company.

The ruling follows an appeal against the Panel's executive ruling by Sir John Bolton and his shareholders in Manx. The Panel, acknowledging this to be a "difficult case," says that "a basic fact appears to be that Mr. Bonning was acting in concert with Mr. Stott and Mr. Stott was acting in concert with Mr. Bonning. It also says that "Our view is that it has not been shown sufficiently convincingly that Mr. Stott and Mr. Bonning were acting in concert in the meaning of the Code." The Panel also makes the point that Mr. Stott's and Mr. Bonning's obligations under Rule 34

## TARMAC SELLS WOLSELEY STAKE

Tarmac has sold its long-standing 11.4 per cent. stake in Wolseley-Hughes for just over £2.85m. after expenses. The base cost of the 1,515,491 shares was £3.9m. and the written-down book value £0.5m.

Tarmac built up its stake prior to a bid in 1972 which was rejected. The stake was then sold to the Monopolies Commission. Later the stake was "bed and breakfasted" when it had fallen in value, in order to obtain tax relief.

Tarmac has always "had an eye on the holding," said Mr. Gerard Paris, a director, yesterday. And the timing of sale seemed right following Wolseley-Hughes' recent well-received interim results. Mr. Paris said that the proceeds would be used in Tarmac's "ambitious capital expenditure programme." The sale had nothing to do with the problems the company has experienced in Nigeria.

The shares went to a wide selection of institutions. Rowe and Pitman, one of the two brokers handling the sale, said the price was close to that of the market at around 190p per share.

## MCLEOD/LONDON SUMATRA

After a "phony war" period, the London Sumatra bid battle is about to be joined in earnest again.

To-day is the second closing date of McLeod Ship's offer and the independent valuation of the London Sumatra bid battle is imminent now. It was promised for the first half of March.

Robert Fleming, advisers to the London Sumatra Board, has said that answers to McLeod Ship's

detailed questions about the company will also be forthcoming along with the independent valuation. So the document as a whole is widely expected to be more crucial to the outcome of the bid than either the original offer or rejection document.

London Sumatra's price has been gently firming up prior to publication and at 120p is now 50p above the bid when McLeod Ship has so far put on the table.

## NITHN. FOODS IMPROVES OFFER FOR SHIPSTONE

Northern Foods is improving the terms of its offer for James Shipstone and extending it until April 7.

Shipstone shareholders who accept Northern Foods' offer will now retain the proposed final dividend of 11.33p net for each Shipstone Ordinary share, announced on March 8.

Northern Foods' offer will not be further increased.

Northern Foods has received acceptance to date in respect of 82,480 shares equivalent to 1.91 per cent. of the Ordinary shares in Shipstone.

## HALLAM SLEIGH EXPANSION

Hallam Sleigh and Chaston announce that contracts have been exchanged for the purchase of Transprip for a consideration of £250,000, satisfied by the issue of 250,000 new Ordinary shares.

In the context of the placing the directors have forecast that the total Ordinary dividend in respect of the year to September 30, 1978 will be increased by 1.33p net per share. The Treasury has been informed of this situation.

Transprip manufactures low-voltage lighting for leisure and transport industries. Sales for the year to September 30, 1977 were £265,000 and company incurred a loss of £20,000. Sales for six months to March 31, 1978 are forecast to be £280,000 and the company is currently trading profitably.

Net assets to be acquired are £290,000 together with agreed tax losses of £42,000.

# M'chester Garages increases offer

Manchester Garages is increasing its offer for W. J. Reynolds, the Dagenham Ford main dealer. The new terms—11 shares in Manchester Garages (29p each, down 1p last night), plus 160p cash for each share—value each Reynolds share at 48p.

The improved terms follow the build-up of a stake of almost 26 per cent. in Reynolds by Mr. T. J. Clements, and associates, though no statement of an intention to bid has yet been made. From this quarter Mr. R. Stoddley, Manchester Garages' chairman, said yesterday that the decision to increase the offer had been made because the Board considered that Mr. Clements, the "former owner and operator of a Ford main dealership," could at some stage be a serious counter-bidder.

The Board of Reynolds, who are understood to control around 26 per cent. of the equity, have already made it clear that they would not accept a takeover bid, but that they would issue a full statement to shareholders after the formal offer document had been posted.

## CO-OP BACKING FOR MEYER & MYER

Small Business Capital Fund, the venture capital offshoot of the Co-operative Insurance Society, has acquired 33 1/3 per cent. of Meyer and Myer, the Horsham-based manufacturer of chemists' leathers and synthetic sponges.

The fund, which has £100,000 of development funds to finance expansion, Principal markets supplied by Meyer and Myer are automotive

# Broadmount agrees Target unitisation scheme


THE BOARD of Second Broadmount Trust has reached agreement with Target Trust Managers on the terms of a scheme for the unitisation of the company. This would involve the company issuing new shares in return for the existing shares held by the company's shareholders.

The scheme is designed to provide a more equitable distribution of the company's assets and to provide a more secure future for the company. The scheme is subject to the approval of the shareholders.

## SGB BUYS INTO OPEN CAST MINING

London and Strathclyde Trust, Imperial Life Assurance Company of Canada Life Fund has acquired 700,000 shares (4.86 per cent.) and The Pension Growth Fund has acquired 355,000 shares (2.46 per cent.) of SGB Group, which is a subsidiary of SGB's subsidiary, Contractors Services Group, which was acquired in 1974.

In addition, the NCB's targets for open-cast coal production present an attractive growth opportunity to SGB Group and we are looking for further expansion of the company's activities.



# AECI LIMITED

(Incorporated in the Republic of South Africa)

## 54th ANNUAL GENERAL MEETING

### Mr. H. F. Oppenheimer reports

# Mr. H. F. Oppenheimer reports

I am pleased to report that the Group once again achieved sales and income substantially in excess of those for the previous financial year. Notwithstanding the difficult economic conditions prevailing in South Africa during 1977, Group sales totalled R590.3 million, an increase of 38.5 per cent. over 1976. Export sales at R336.6 million in 1977 compared with R30.2 million in 1976. The 1977 figures include the sale of South African Nylon Spinners (Pty) Limited (SANS), which became a wholly-owned subsidiary on 1 January 1977. Sales other than those of the SANS group increased by 16.1 per cent. over 1976. Group net income before taxation totalled R64.6 million, an increase of R10.0 million (18.3 per cent.) over 1976.

Last year I indicated that the Coalplex project, which the Company is undertaking as a joint venture with Sinterchem Limited to produce PVC and caustic soda, was not planned to operate at an economic level until the second half of 1978 at the earliest and, because of its size, would distort certain financial ratios for several years. It will thus be seen that earnings per share fell from 29.8 cents in 1976 to 25.1 cents in 1977 because of the larger number of shares listed following the rights issue during the second half of 1976 to raise some R33 million as part of AECI's financing requirement for Coalplex. Ordinary dividends were maintained at 18 cents per share for the year but dividend cover fell from 1.7 to 1.4 times.

The Board has decided to discontinue consolidating the assets and liabilities of all foreign subsidiaries and to bring to account in respect of those subsidiaries only income, which has been received in South Africa in cash. Comparative figures for previous years have been adjusted where necessary. This conservative method of accounting is considered to be the most appropriate for the Group under present circumstances.

The volume of sales in the Republic was in total only slightly higher in 1977 than in 1976 but the level of business activity improved in most sectors during the second half-year.

The higher profits were to a large extent attributable to the considerable improvement in the performance of the coal-based No. 4 ammonia plant at Modderfontein. As fore-shadowed, technical problems associated with this plant have steadily been resolved and during the second half of 1977 the output and plant efficiencies achieved were significantly above those for any previous period.

Unfortunately the depressed conditions in the South African economy, particularly in the building, motor and furniture industries, have reduced the local demand for the Coalplex products to a lower level than previously envisaged and the profitability of the project will suffer accordingly. New outlets have been developed and additional exports secured in order to achieve maximum plant utilisation. Selling prices in export markets are however depressed because of excess capacities worldwide, the cause of which can be traced back to the massive oil price increases of the mid-seventies. Notwithstanding these setbacks the project, which is based on coal, has exceptional long-term potential.

The Triomf Richards Bay phosphoric acid plant continues to suffer from its introduction at a time of world over-capacity and severe market competition. However, selling prices abroad have hardened to an extent over recent months and the cash flow in Triomf has benefited accordingly.

# MONEY MARKET

## Very large assistance

Bank of England Minimum Lending Rate of 6 1/2 per cent. (since January 4, 1978)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a large amount of Treasury securities, and touched 6 1/2 per cent. from the discount houses, but remained at 6 1/2 per cent. This was probably more than for most of the morning. Rates were tough to take out the under-erased to 6 1/2 per cent. at lunch, but some houses and fell away in the late afternoon.

Mar. 20 1977	Steering Certificate of deposits	Interbank	Local Authorities deposits	Local Authorities deposits	Finance House deposits	Company deposits	Discount market deposits	Treasury Bills	Stock Exchange Bills	Prime Time Bills
night	5 5/8	5 5/8	5 5/8	5 5/8	5 5/8	5 5/8	5 5/8	5 5/8	5 5/8	5 5/8
day	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
month	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
3 months	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
6 months	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
9 months	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
12 months	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authorities' mortgage rates: four years 10 1/2 per cent.; five years 10 3/4 per cent.; six years 10 7/8 per cent.; seven years 11 per cent.; eight years 11 1/8 per cent.; nine years 11 3/8 per cent.; ten years 11 5/8 per cent.; eleven years 11 7/8 per cent.; twelve years 12 per cent.; thirteen years 12 1/8 per cent.; fourteen years 12 3/8 per cent.; fifteen years 12 5/8 per cent.; sixteen years 12 7/8 per cent.; seventeen years 13 per cent.; eighteen years 13 1/8 per cent.; nineteen years 13 3/8 per cent.; twenty years 13 5/8 per cent.

Bank of England Base Rates (published by the Finance Houses Association) 7 per cent. from March 1, 1978. Clearing Bank (rates for small sums at seven days' notice) 3 per cent. Clearing Bank Base Rates for lending 6 1/2 per cent. Treasury Average tender rates of discount 5.800 per cent.

The Board estimates that as at March 13, 1978 on the basis of the market valuation of the portfolio at that date, the net assets attributable to each Ordinary share amounted to 33.5p. If the scheme had been adopted at that date, the equivalent value, on a bid basis, of Target units in respect of each share would have amounted to 33.5p.

The Board takes the view that the scheme will resolve the problem faced by the company, in common with other investment trusts, of a narrow share base. Rates in the table below are nominal in some cases.

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## ASSOC. LEISURE HOTEL PURCHASE

Associated Leisure has acquired 85 per cent. of the equity of the Runnymede Hotel (Egham) for some £53,000 in cash.

In addition, Associated will make available to the Runnymede Hotel a loan of £250,000, of which £230,000 will replace existing borrowings, and the balance will be used for further developments.

Associated has also concluded an option agreement for the purchase of the outstanding 85 per cent. of the capital at valuation, exercisable in 1982 or 1983. During this period, the vendors, who will remain as holders of 35 per cent. of the equity capital, will be responsible for managing the hotel under the terms of a management agreement.

## SHARE STAKES

S. Pearson and Son: On March 8, the Cowdry Trust acquired 4,700 Ordinary shares and on March 16 disposed of 892,255 Ordinary shares making a revised holding of 5,029,731 shares. On March 16, the Cowdry Trust and the Dickinson Trust together disposed of 1,680,794 Ordinary shares making a revised holding of 1,235,721 shares.

Sound Diminution: Control nominees holds 704,633 shares. Houston Finance Services holds 522,800 shares. Mr. C. R. P. Storer holds 709,470 shares and Mrs. J. M. Storer holds 724,522 shares.

Foster Brothers: G. R. Wilcox, 100,000 Ordinary shares held beneficially. S. D. Collins, a director, on February 20, transferred 2,288 Ordinary shares at nil consideration and on February 27, sold 4,578 non-voting shares. Mr. E. Young, Holdings: Mr. E. Clarke, a director, has informed company that private companies

1. MANUFACTURERS HANOVER
2. CHASE MANHATTAN
3. CITIBANK
4. MORGAN GUARANTY
5. CHEMICAL
6. BANKERS TRUST
7. IRVING TRUST
8. CONTINENTAL ILLINOIS
9. BANK OF AMERICA
- 10.
11. FIRST NATIONAL, CHICAGO
12. FIRST NATIONAL, BOSTON

# Can you name the 10<sup>th</sup> largest correspondent bank in the U.S.?

To give you some hint of who we are, banking professionals in over 1,100 banks—both in the U.S. and throughout the world—have chosen us as a correspondent. We have 300 offices in New York State and key people in 22 of the world's major financial centers.

We're the 12th largest bank in the U.S. with \$10.2 billion in deposits and total assets of \$12.1 billion. For years, we've been involved in foreign exchange and foreign currency management. So, not only do we have the capabilities, we also have the knowledge to provide you with direct loans and to manage major international credits.

Maybe it's because of what we have to offer worldwide that more than half the companies on the "Fortune 500" list do business with us.

Now you know everything about us except our name. We're the Marine Midland Bank.

# Expamet'77

	1977	1976
Turnover	£2000's	£2000's
Group Profit before Tax	23,154	22,499
Profit after Tax	2,217	3,216
Earnings per share	1.588	2.192
Dividend per share	8.77p	13.79p
Net Assets per share	3.675p	3.01p
	76.7p	76.2p

(Note: The figures reflect the provisions of ED.19 and SSAP.3).

## Extracts from Chairman's Statement

**Interim dividend of 1.625p per share** Ordinary Capital was paid on 11th November. The Directors now recommend a final dividend of 3.15p, making a total for the year of 4.775p per share (1976 = 3.01p).

The trends noted in the Interim Statement throughout the remainder of the year and the Group to suffer a considerable setback after several years of growth in profits and earnings.

Swing from profit into loss by the steel stock subsidiary, where demand declined even more as the year progressed, and the reduction in iron building products, consequent upon the setbacks in Local Authority spending, together with the virtual whole of the reduction in profits. The basic business in expanded metal products produced profits equal to those of the year, but the increased volume of spending developments at home and overseas and some 10 of non-recurring expenditure including the moving of the London headquarters of up to new premises. The year on year comparison also suffered by a like amount due to the effect of the Regional Employment Premium.

The basis of existing Group operations, the cash at the end of 1977 will grow strongly as progresses. This resource, plus the ability to based on a strong balance sheet and an all capital structure, places the Group in a position to acquire a substantial acquisition for cash with consequent to earnings per share.

**Outlook** It is unlikely that there will be any early increase in demand from Local Authorities for the Group's specialized building products but longer term expectations are reasonable. In steel stockholding also there is no near prospect of an increase in demand but there are strong indications of some relief from the severe downward pressure on prices of the recent past.

Within the Group's basic business of expanded metal and related products, demand from the industrial sector continues to be strong. It is also reasonable to expect that by the second half of the year the increase already evident in some areas of consumer spending will have spread to the building industry, leading to improved demand for a wide range of the Group's products.

There is one course of action that the Group could take that would have a beneficial effect on current profits. That would be to slow down the pace of developments at home and overseas. Your Directors believe this would be contrary to the real interests of the Company and shareholders, and they intend to press ahead strongly with the various forward looking projects which, together, amount to a substantial investment in the future of the Group. This is especially true of Expamet, and in North America where the programme for the enlargement of the manufacturing facility is being accelerated, with the objective that by the middle of 1979 the modern factory at Atlanta, Georgia, will be able to offer an extensive range of expanded metal and related products in the largest domestic market in the world.

## Expanded Metal Company Limited





The big money bank.

Any bank can lend money. But it takes a big money bank to lend big money.

There are only a handful of such banks in the world, and Security Pacific Bank is one of them.

We're one of the ten largest banks in the



United States, with assets of more than eighteen billion dollars.

So if you're looking for a big money bank to handle the big share of corporate finance, you should consider Security Pacific Bank.

The big money bank.

**SECURITY PACIFIC BANK**

International Banking Group, 333 South Hope Street, Los Angeles, CA 90071.

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ALL SERVICES MARKED BY SECURITY PACIFIC CORPORATION

## MINING NEWS

# Canada needs a new tax deal

BY KENNETH MARSTON, MINING EDITOR

THE PROSPECTS of continuing the present Canadian federal provincial mineral tax systems represents one of the greatest deterrents to the future growth and expansion of much of the mining industry in Canada, according to the Mining Association of Canada in a submission presented yesterday to Federal Cabinet Ministers.

John Sogahich reports from Toronto that the association's brief called on the Federal Government "to take the lead in returning Canada's mining taxation system to a position of stability and uniformity." The brief, entitled "Mining in Canada: Issues and Concerns," was presented to the Cabinet by Mr. M. A. Upham, association president, and International Minerals and Chemical Corporation (Canada).

Mr. Upham, in presenting the written submission, said that the decision of the First Ministers' Conference last month to conduct a full review of mining taxation could lead to "a more realistic total tax rate structure on the industry than is presently the case."

The reform of taxation—now essentially 11 separate tax regimes—"would allow the mining industry to respond with a greater degree of confidence to the challenges that lie ahead."

In its submission, the association advocated a two-step approach to a comprehensive reform of the tax systems, beginning with the modification of the existing federal and provincial systems. The reform proposed that the present graduated provincial mining tax rates be replaced with a flat rate so that the combined federal-provincial rate does not exceed 50 per cent, and that federal income tax modifications should be made in order to encourage tax reform by the provinces.

The second step would replace the current diversity within the various tax systems with a common national tax base, and would lower the combined federal-provincial rate from 50 to a rate or rates not exceeding 45 per cent.

The association also urged governments to provide a special incentive to encourage exploration and new mine development, to expand the current federal inventory allowance, and refrain from taxing necessary employee benefits.

"We've regard it as essential that both levels of government, encouraged by the recent initiatives of the federal government, translate their initial efforts into specific actions to bring about this vital tax reform," the group said.

The association pointed out that investment intentions by mining companies indicate a decline in capital expenditures. A survey by the Federal Department of Industry, Trade and Commerce last autumn showed that 43 major mining companies expected 1978 capital expenditures would decline 9.1 per cent from 1977 outlays of \$1.1 billion (\$55.1m.). The survey also indicated a decline in planned outlays from 1977 to 1981, and that several planned investments by individual mining companies had been postponed.

## W. Australian fears of iron ore cutbacks

WESTERN Australia's Premier, Sir Charles Court, will be spending Easter in Tokyo trying to persuade the Japanese steel mills to give preferential treatment to the Pilbara iron ore miners in the face of the continuing steel recession, reports Don Lipscombe from Perth.

The miners are tensed for cutbacks, and already the Robe River operation is working unofficially below the level of the "minus options"—thus below the 50 per cent of base contract tonnage. This is happening by delaying shipments of Robe River pellets and bales.

Hamerley's recently published annual report has warned, in the words of chairman Mr. Russell Madigan, that "the recession is expected to reduce the demand for iron ore even further over the next two years." However, Hamerley is seeking price increases in its new contracts with Japan.

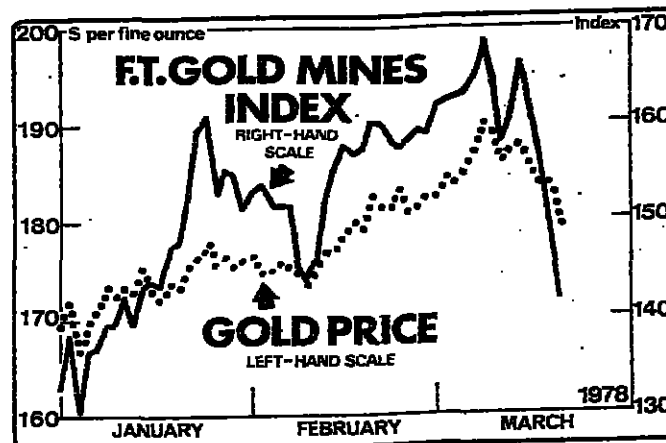
Australia's Minister for Natural Resources, Mr. Doug Anthony, has been in Tokyo seeking assurances on Australia's position, but has been promising only that decisions will be delayed. Sir Charles said yesterday that his Government was concerned at the continuing recession in world iron and steel trade. "The Japanese steel mills have to make some vital decisions in the next few weeks," he said. "We cannot risk such decisions being made without full knowledge by the mills and the Japanese Government of the position of the iron and steel industry in Australia."

Sir Charles said he wanted to receive a statement of the Japanese position at first hand and to present the State's position as Japan's biggest iron-ore supplier.

## ROUND-UP

South African gold production increased slightly last month, rising to 1,812,300 ounces from an amended 1,793,361 ounces in January, according to statistics from the Chamber of Mines. After the first two months of the year output at 3,605,291 ounces is running 134,434 ounces ahead of 1977.

In Kuala Lumpur, the Foreign Investment Committee approved a switch of tin company shareholdings, by which Pahang Consolidated becomes the major shareholder in Tanjong Tin Dredging through the purchase of a 29.3 per cent interest from Faber Union, a subsidiary of Faber Melin Malaysia.



Since the beginning of the year the rise in the bullion price has been accompanied by some erratic movements in the Gold Mines Index. Reflecting the concern over the decline in the dollar the bullion price recently moved up to touch \$190 an ounce, before reacting as measures to support the U.S. currency were announced. The Gold Mines Index reached its year's high of 188.6 on March 8 with fears of a left-wing victory in the French general election being added to uncertainties over the outlook for the U.S. economy. Yesterday the bullion price dropped \$4 to \$179.625 on fears of possible U.S. Treasury gold sales in further measures to underpin the dollar and share prices were again marked down sharply.

## STEEP ROCK'S ORE RESERVES RUNNING OUT

CANADA'S Steep Rock iron Mines sees "a strong likelihood" that it will be forced to cease its current iron ore mining and processing operations at the end of 1979 or early 1980. The company, which is more than 69 per cent owned by Canadian Pacific Investments, is running out of ore at Atikokan, Ontario, where it started operations in late 1944.

Ore reserves remaining at the end of 1977 were 3.2m. tons, sufficient to permit mining through 1978 and processing through 1979. Meanwhile, Canada Ore, the Inland Steel subsidiary which leases the "C" orebody

from Steep Rock, has told the latter that it will terminate the lease at the end of 1979. This means lower royalties.

A study of the feasibility of mining by Steep Rock in the area currently leased to Canada Ore indicates that this project is not economic. As reported previously, Steep Rock's Bending Lake iron oxide deposit, 40 miles northwest of Atikokan, will not be pushed ahead at this time.

Net profits for 1977 advanced to C\$4.84m. (\$2.14m.), or 57 cents per share, from only C\$185,000 in 1976. The past year's results reflected an income tax credit equal to 63 cents per share coupled with higher ore shipments and the benefits of the fall in the Canadian dollar, ore sales being priced in U.S. dollars.

## ASA buys into ERGO

GIVING A significant indication of U.S. views of the South African mining market, ASA has bought 122,500 shares in East Rand Gold and Uranium (ERGO), its latest quarterly report reveals.

ERGO has been established to extract gold and uranium from accumulated mine wastes, and ASA's stake was worth \$322,000 at yesterday's closing price of \$2.69.

Registered in Johannesburg, ASA is a vehicle for U.S. investment in South African mining, and its share dealing policies act as a barometer of U.S. investment interest in the sector.

In a report for the three months to February, the first quarter of its financial year, shows that its holding in ERGO, a gold and uranium mine of fairly mining life and Deurmfontein, a gold producer which is very sensitive to bullion price fluctuations, has been reduced.

On the other hand 35,000 shares in Deurmfontein, which is well advanced on a major gold and uranium development programme, have been purchased, to create a stake of 77,800 shares. A holding of 35,000 shares in Hartbeespoort, another gold-uranium producer which is building up production, has been created.

ASA have evidently been sufficiently impressed with the recovery of the platinum market to boost its holding of Bishopsgate, a way of entry into Impala, 30,000 shares to make a holding of 195,500 shares.

Its consistent interest in the coal sector has been maintained by the purchase of more shares in Anglo American Coal, Tarkenton Collieries and Trans-Natal Coal.

At the end of February the net asset value of ASA shares was \$18.83 (\$9.38) compared with \$18.47 at the end of November, 1977. The shares yesterday were \$15.

Shareholders of Endeavour Resources, the Melbourne exploration company, will be asked on April 7 to approve a capital reconstruction which will leave the authorised capital of the company at \$20m. (\$11.9m.) divided into 100m. ordinary shares of 20 cents each, and approve the placement of 12.5m. shares with Bond Corporation Holdings of Perth.

## World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on March 20, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Schedule Territories; (K)

Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate; no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificates rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
Afghanistan Afghani	85.00	Germany West Deutsche Mark	3.3675	Pakistan Rupee	257.74
Albania Lek	0.10.0000	Ghana (S) Cedi	1.90	Peru Nuevo Sol	100.00
Algeria Dinar	7.5533	Gibraltar (K) Gibraltar	1.00	Philippines (S) Phil. peso	14.0100
Angola (S) Escudo	8.3333	Guernsey (K) Guernsey	1.00	Poland Zloty	1.0000
Antigua (S) Antigua	6.1450	Greenland (S) Danish Kroner	16.57	Portugal (S) Escudo	7.20
Argentina (S) Ar. Peso	1.445	Guinea (S) Guinea	1.00	Portugal (S) Escudo	7.20
Australia (S) Australian \$	1.0000	Guinea-Bissau (S) Guinea-Bissau	1.00	Portugal (S) Escudo	7.20
Austria (S) Schilling	27.76	Guyana (S) Guyanese \$	1.00	Portugal (S) Escudo	7.20
Azores (S) Portug. Escudo	7.20	Haiti (S) Gourde	1.00	Portugal (S) Escudo	7.20
Bahamas (S) Bah. Dollar	1.0000	Honduras (S) Honduran Lempira	1.00	Portugal (S) Escudo	7.20
Bangladesh (S) Bang. Taka	1.0000	Hong Kong (S) H.K. \$	1.00	Portugal (S) Escudo	7.20
Barbados (S) Barbados \$	1.0000	Hungary Forint	1.00	Portugal (S) Escudo	7.20
Belgium (S) B. Franc	1.0000	India (S) Ind. Rupee	1.00	Portugal (S) Escudo	7.20
Belize (S) B. Dollar	1.0000	Indonesia (S) Ind. Rupiah	1.00	Portugal (S) Escudo	7.20
Bolivia (S) Bolivian P. B.	1.0000	Iran (S) Iran Rial	1.00	Portugal (S) Escudo	7.20
Bosnia (S) Bosnian P. B.	1.0000	Israel (S) Israel S.	1.00	Portugal (S) Escudo	7.20
Brazil (S) Cruzado	1.0000	Italy (S) Lira	1.00	Portugal (S) Escudo	7.20
Bulgaria (S) Bulg. Lev	1.0000	Jamaica (S) Jamaican Dollar	1.00	Portugal (S) Escudo	7.20
Burkina Faso (S) CFA Franc	1.0000	Japan (S) Yen	1.00	Portugal (S) Escudo	7.20
Burundi (S) Burundi Franc	1.0000	Kenya (S) Kenya Shilling	1.00	Portugal (S) Escudo	7.20
Cameroon (S) CFA Franc	1.0000	Korea (S) Won	1.00	Portugal (S) Escudo	7.20
Canada (S) Canadian \$	1.0000	Kuwait (S) Kuwait Dinar	1.00	Portugal (S) Escudo	7.20
Cape Verde (S) Cape Verde Escudo	1.0000	Laos (S) Lao Kip	1.00	Portugal (S) Escudo	7.20
Cayman (S) Cayman Dollar	1.0000	Lebanon (S) Lebanese L.	1.00	Portugal (S) Escudo	7.20
Cuba (S) Cuban Peso	1.0000	Lesotho (S) Lesotho P. B.	1.00	Portugal (S) Escudo	7.20
Cyprus (S) Cypriot P. B.	1.0000	Liberia (S) Liberian Dollar	1.00	Portugal (S) Escudo	7.20
Czechoslovakia (S) Czech Koruna	1.0000	Libya (S) Libyan Dinar	1.00	Portugal (S) Escudo	7.20
Denmark (S) Danish Krone	1.0000	Luxembourg (S) Luxembourg P. B.	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Madagascar (S) Malagasy Franc	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Malawi (S) Malawi Sh.	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Malaysia (S) Malaysian Ringgit	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Mali (S) Mali Franc	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Malta (S) Maltese L.	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Martinique (S) French Franc	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Mauritania (S) Mauritanian Ouguiya	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Mexico (S) Mexican Peso	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Moldavia (S) Moldovan Leu	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Mongolia (S) Mongolian Tugrik	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Morocco (S) Moroccan Dirham	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Mozambique (S) Moz. Escudo	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Nicaragua (S) Nicaraguan Cordoba	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Netherlands (S) Dutch Guilder	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	New Zealand (S) New Zealand Dollar	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Nigeria (S) Nigerian Naira	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	North Macedonia (S) Macedonian Denar	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Norway (S) Norwegian Krone	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Oman (S) Omani Rial	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Pakistan (S) Pakistani Rupee	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Panama (S) Panamanian Balboa	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Paraguay (S) Paraguayan Guaraní	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Peru (S) Peruvian Nuevo Sol	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Poland (S) Polish Zloty	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Portugal (S) Portuguese Escudo	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Romania (S) Rumanian Leu	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Russia (S) Russian Ruble	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	S. Africa (S) South African Rand	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Spain (S) Spanish Peseta	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Sweden (S) Swedish Krona	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Switzerland (S) Swiss Franc	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Taiwan (S) New Taiwan Dollar	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Thailand (S) Thai Baht	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Togo (S) Togolese CFA Franc	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Tonga (S) Tongan Pa'anga	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Tunisia (S) Tunisian Dinar	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Turkey (S) Turkish Lira	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Turkmenistan (S) Turkmenian Manat	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Uganda (S) Ugandan Shilling	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Ukraine (S) Ukrainian Hryvnia	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	U.S. (S) U.S. Dollar	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Uruguay (S) Uruguayan Peso	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Venezuela (S) Venezuelan Bolivar	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Yemen (S) Yemeni Rial	1.00	Portugal (S) Escudo	7.20
Dominican (S) Dominican P. B.	1.0000	Zambia (S) Zambian Kwacha	1.00	Portugal (S) Escudo	7.20

That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa. Except for round-off.

The Guyana has replaced the CFA Franc. The exchange rate is a rate of CFA Francs to one unit of the new currency.

General rates of oil sold in Europe 19.95. Based on crude rates against Russian rubles. Rate is the transfer market (contracted). Rate is based on 2 March 1978. Now one official rate. Following 24 per cent devaluation.

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## NORTH AMERICAN NEWS

## Chrysler seeks approval for preferred stock issue

By JOHN WYLES

CHRYSLER CORPORATION has indicated that a preferred stock issue is one plank in its strategy for raising \$7.5bn. of funds which it requires for capital development to ensure it remains a major force in the U.S. automobile industry.

The company confirmed today that it will seek approval at its annual stockholders meeting on May 2 to issue 30m. shares of preferred stock and 40m. shares of common stock. Although Chrysler was at pains to stress that a preferred stock issue was merely "one alternative" method of fund raising which it was considering, and that neither the size nor the date of a possible issue had been determined, such a recourse to the money markets emerged as a distinct possibility last month when the company disclosed dimensions of its capital requirements.

A Chrysler spokesman was much more categorical about the intentions behind the bid to increase its authorised issue of common stock. Currently the authorised limit is 80m. shares with a shade over 60m. in public hands. According to the company there is no intention of

selling more common stock to the public but raising the total authorised would enable the company to meet the projected needs of an employee stock purchase plan.

Some 6.7m. shares are currently owned by employees under this scheme which is a potentially useful source of capital for the company. Chrysler recently decided that from March 1 the regular needs of the employee plan would be satisfied out of unissued but authorised stock instead of through purchases by the plan's trustee in the open market.

Chrysler has never before made a preferred stock issue and company requests for authorisation are not normally refused by stockholders meetings. The management's proposal may likely to spend an estimated \$55bn. over the next five to seven years on the necessary plant and equipment associated with the development of new models to conform with progressively more stringent Federal fuel economy and emission regulations. Chrysler has complained on many occasions that Federal laws were putting inordinate pressure on the company's financial and technical resources.

NEW YORK, March 20.

## London Life Insurance profits rise

By James Scott

TORONTO, March 20.

LONDON LIFE Insurance, which dominates the Canadian market in individual life insurance, reports statutory profit for 1977 of \$13.3m. (\$US2.93m.), a 10 per cent. increase from \$12.1m. in 1976.

Premium income increased to \$145.1m. from \$139.4m. and investment income rose to \$121.7m. from \$119.1m. New individual life insurance issued increased to \$2.43bn. from \$2.15bn., but group insurance declined to \$1.861.9m. from \$1.25bn. Business in force at the end of 1977 was \$24.5bn., up from \$24.1bn. Assets increased to \$2.92bn. from \$2.62bn.

Meanwhile Scottish and York Holdings of Toronto, an insurance holding company affiliated with the Thomson Newspapers group, and which handles the insurance requirements of the Thomson Group of companies, has reported a share increase in profit for the year ended December 31 to \$12.2m. (\$US5.5m.) from \$12.1m. in 1976. Gross revenue rose to \$121.1m. from \$119.7m.

## Curtiss-Wright accused of breaking takeover law

SALT LAKE CITY, March 20.

THE executive director of the State of Utah's Department of Business Regulation has notified Curtiss-Wright Corporation that he has determined that the company violated Utah's takeover offer disclosure law and has demanded immediate compliance under threat of a state lawsuit against Curtiss-Wright.

About two-thirds of the approximately 10,000 employees of Kennecott Copper's metals operations are employed in Utah and the state also contains Kennecott's biggest copper mine and smelter.

A week ago Curtiss-Wright, a maker of aircraft parts, nuclear components and other industrial products disclosed that it had accumulated a 9.9 per cent. interest in Kennecott for an aggregate \$77m., mainly through market purchases over the past 60 days.

Curtiss-Wright also disclosed that it is considering a proxy fight to replace Kennecott's directors with others who would favour a Curtiss-Wright policy of causing Kennecott to sell off some or all of its assets and distribute the proceeds to shareholders.

However, in a letter dated

March 17, which arrived at some 20 days in advance of the offer, it is thus in violation of the New Jersey, headquarters, this law. The Utah State official said in the letter that he expects an immediate answer from Curtiss-Wright's acquisition of Kennecott stock already constitutes a takeover bid under the meaning of the state law. He added that to file a lawsuit against Curtiss-Wright would not be a registration with the state Agencies.

## Interstate United merger

CHICAGO, March 20.

INTERSTATE UNITED Corporation said it agreed to a merger with Interstate into a unit of Hanson Industries.

Mr. Peter A. Tullio, president of Interstate which is a food service concern, said the company is disposing of some assets and that expenses of the sale and write-off of assets including some that are not being sold, will produce a large charge against earnings. He added that because of the tender offer at \$10 a share and the merger agreement, the company will omit its proposals to pay the same price for the remaining shares. Interstate stockholders are expected to vote in June on the merger.

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## EUROBONDS Mexican issue confirmed

By Francis Ghilès  
THE DM200m. seven-year bond for the United States to Mexico carrying an indicated coupon of 6 per cent. was confirmed by Deutsche Bank yesterday afternoon. It had been expected last week but was held up.

The issue was discussed at length by members of the Capital Markets sub-committee, which sets the timing and amount of new foreign bond issues each month, during an informal meeting held in Frankfurt last Friday afternoon in the wider context of the monthly meeting of the Capital Markets committee.

Some banks clearly favour a cutback in the flow of new issues because of the unsettling effect on the market of the host calendar of new issues this month and the continuing uncertainty on the currency front.

The terms offered on the sovereign bond are much tighter than those offered on two other Mexican issues, one of which was priced last week, the other which is due out at the end of this month.

The bond priced last week at par, was DM130m. for 10 years, for an agency of the Mexican Government, Comision Federal de Electricidad. It carried a 6 per cent. coupon. It is still trading at a discount. Later, the Government is arranging a private placement for the Mexican state national development bank, Nacional Financiera: DM100m. for seven years with an indicated coupon of 6 1/2 per cent.

Even if allowance is made for the fact that a bond for a sovereign is of better quality than one for a state agency of that country, the terms being offered by Deutsche Bank are very tight and are bound to put pressure on the indicated 6 per cent. coupon being offered on the private placement.

The Capital Markets Sub-Committee also decided to increase the new issue calendar. It was confirmed yesterday that a top French state borrower will announce a DM200-250m. issue before the end of the week. The French treasury is expected to press for the very fine terms: the last French state borrower to float a DM bond was the Banque Française du Commerce Extérieur which last January raised DM150m. for 10 years with a coupon of 5 1/2 per cent.

The new issue is likely to carry a lower coupon and a longer maturity.

In the dollar sector, trading was quiet and prices fractionally up. The Norway issue met with a favourable reception and was being quoted in first day trading at 99 1/2-100.

## Room at the top in Canada's Argus Corporation

BY JAMES SCOTT IN TORONTO

THE TORONTO and Montreal financial communities are abuzz over what the future holds for Argus Corporation, a specialised investment company that owns substantial stakes in several of Canada's most important companies, following the death a few days ago of its chairman and president, Mr. John Angus McDougald.

Mr. McDougald was one of the wealthiest and most powerful men in Canadian business whose fortune has been estimated at \$250m. and who appeared to have increased his influence over Argus and the various affiliates over which it has effective control without actually having full share control.

The affiliates include Massey-Ferguson, in which Argus holds 16 per cent. of the shares, Dominion Stores, the largest food retailing organisation in Canada (24 per cent.), Domtar, a Quebec-based giant in pulp and paper (17 per cent.), Standard Broadcasting Corporation, which owns radio stations and has a 52 per cent. interest in a tele-

vision broadcasting company (48 per cent.), and Hollinger Mines, which has large holdings in iron ore production (23 per cent.).

Speculation abounds over who might take over the reins of the business empire he helped to found in 1945 when he was a partner of E. P. Taylor, another legendary Canadian financier who was the biggest beer baron in Canada until he sold his interest in what was then known as Canadian Breweries, now Carling O'Keefe, to Rothmans.

There is also speculation about whether Montreal financier Mr. Paul Desmarais, chairman of Power Corporation of Canada, will resume his push for control of Argus, a move which failed in 1975 when Mr. McDougald rallied his associates to increase their holdings in Argus to more than 60 per cent. of the voting shares.

That control is held through little known Ravelston Corporation in which Mr. McDougald

held a direct interest of 23 per cent. and had voting power for another 23 per cent. owned by the estate of Mr. Eric Phillips, a long-time former associate. The families of the late Mr. J. M. Black and Mr. Maxwell Meighen hold 22 per cent. and 26 per cent. respectively.

Investors group is a highly successful holding company that provides a range of financial services through its operating subsidiaries. One offshoot is 50 per cent. owned by Great-West Life Assurance Company, which provides a full line of life insurance products in Canada and the U.S.

Investors also hold 50 per cent. of the issued shares of Montreal Trust company, one of the larger trust companies in Canada.

Power Corporation itself has controlling or substantial interests in real estate, television, glass manufacturing, transportation, oil and gas pipeline, pulp and paper, chemicals and other industries. Its offer is expected to be made in the middle of April.

moment is Mr. Bruce Matthews, a former Canadian army major general, who was acting president during the past few months because of Mr. McDougald's illness. Mr. Matthews says control of Argus will not change because it is held by Ravelston Corporation. All of the Ravelston shares are covered by a right of first refusal under which any Ravelston shareholder who wants to dispose of his shares must offer them first to the other shareholders.

Mr. Desmarais undertook a \$150m. bid for control of Argus, and although he acquired a large stake in Argus Preferred shares he could not gain representation on the Argus Board. Since then he has continued to nibble at Argus and holds, through Power Corporation, a fraction more than 50 per cent. of the equity of Argus. But that equity has no voting power, which is vested in the common shares, of which Power Corporation has only 28 per cent.

The fight for control was bitterly contested and at times

was fierce and personal. One of Mr. McDougald's friends and partners, Mr. Taylor, defected and sold his holdings in Argus to Mr. Desmarais.

At that time Mr. McDougald said of Mr. Taylor's defection: "He's perfectly free to do as he wishes, he's over 21." But the chances of Mr. Desmarais turning his immediate attention to Argus seems remote at the moment. He is deeply involved in a major restructuring of his own financial empire based on Power Corporation. Only two days before Mr. McDougald's death, Power Corporation announced that it planned to make an offer of \$120m. for all the shares of Investors Group that Power did not already own.

Mr. Matthews considers it highly unlikely that the McDougald shares will be disposed of in the near future. "I think his estate and trustees will continue to manage his holdings. Succession is arranged, certainly for the near term." Possibly the most influential

## Minn. Title rejects bid

Minnesota Title Financial Corporation has determined to oppose the previously announced \$21 a share cash tender offer proposed by Gamble-Skogmo, reports AP-DJ from Minneapolis. Minnesota shareholders were urged by the Board not to take hasty action since the proposed offer cannot commence until the receipt by Gamble of certain regulatory approvals.

Greyhound-Verex Greyhound Corporation said about 2.5m. shares have been tendered in connection with its offer for Verex Corporation, reports AP-DJ from Phoenix. This, together with shares previously owned by Greyhound, represents about 77 per cent. of the shares outstanding.

Merrill charges The Supreme Court refused to hear charges that Merrill Lynch Pierce Fenner and Smith could muster considerable financial resources to buy shares that the estate of a former executive might be offered by the of the firm, reports AP-DJ from Washington.

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BARCLAYS BANK INTERNATIONAL LIMITED

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FEBRUARY 1978

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FEBRUARY 1978

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## Primrose Industrial cold on Tongaat's offer

BY RICHARD ROLFE

JOHANNESBURG, March 20.

THE CASH offer by Tongaat Competition which will shortly come before Parliament. Tongaat is the main producer of bricks in Natal and Primrose Industrial, the main producer of bricks in S. Africa, is a relatively unusual event in local terms, because Primrose is one of the few quoted companies without a dominant shareholder.

Its directors have not approved the bid and while their formal response will be delayed until Tongaat has sent out its offer documents, initial indications are that the 130 cents offer will be a substantial premium on Primrose's 94 cents previous price.

The offer capitalises Primrose at R13.9m, and compares with the net worth of the last balance sheet of R32m. The Board's defence in due course will probably revolve around the size of the discount at which Tongaat stands to win control if its offer succeeds, with the thought thrown in that Primrose's net worth includes perfectly good plant written down to nothing in the books.

Sources close to the company indicated today that a realistic value for Primrose's assets might be around R48m, or nearer 450 cents per share.

The offer could conceivably fall foul of the Republic's little-used monopoly legislation only being overhauled in a draft Bill on Maintenance and Promotion of the combined group would

Quentin Peel writes: The Tongaat Group is making a cash bid for 100 per cent. of Primrose Industrial Holdings.

The offer of 130 cents a share is well above Primrose's recent price on the Johannesburg Stock Exchange, where it closed at 92.94 cents on Friday.

Primrose suffered a dramatic decline last year. While turnover was down 16 per cent., profits were down 64 per cent. from R5.6m. to R2m. The Primrose Board is of the immediate opinion that the price advised of R1.30 per share is well below the fair and reasonable value, taking into account the asset value of Primrose, the potential of the company, and its current performance in the worst brick market experienced in recent history.

control nearly 100 per cent. of the face brick market and well over half that for stock bricks.

Whether there is a reference under the existing anti-monopoly legislation would probably depend on the attitude of major customers for bricks. However, it is possible that both customers and the authorities could take the view that adequate protection exists via the system of price control under which brick prices are administered by the State.

Following the Tongaat offer, Primrose announced that it is to acquire Randport Brickworks for 340,000 Primrose shares and R6m. cash. This deal would raise Primrose's total brick-making capacity from 75m. to 85m. bricks a month and will increase the number of Primrose shares in issue to just over 11m.

The deal is expected to provide important rationalisation benefits. Behind Tongaat stands Anglo-American, the largest shareholder with 25 per cent. of the shares. Anglo's involvement, however indirect, could be a factor promoting a counter offer from Afrikaanser interests, though financial rather than political considerations will probably be paramount in this case.

While it is early days, Primrose shares traded 5 cents above the Tongaat offer price at 135 cents today.

## AUSTRALIAN MOTOR INDUSTRY

## Government concerned over slump

BY JAMES FORTH IN SYDNEY

AUSTRALIA has one of the most heavily protected motor vehicle industries in the world. The Industries Assistance Commission recently estimated that 1966 and compared with this resulting in a 50 per cent. increase in the price of a new car compared to their counterparts in major overseas vehicle markets.

In spite of this, the local industry is in difficulties and no early relief is in sight. Two of the "big three" local manufacturers, General Motors-Holden's and Chrysler, have already reported losses, while the third, Ford, earned a small profit. The Japanese group, Nissan, which along with Toyota, is soon to join the ranks of the local manufacturers, is also expected to announce a loss for the latest year.

## Sharp drop

Leyland Motor Corporation of Australia, which sealed down its manufacturing operations after huge losses (almost \$A64m. was lost in 1974), managed to earn \$A2.0m. (US\$2.3m.) for this year, a sharp drop up the \$A7.62m. earned in the previous period.

Chrysler suffered a loss of \$A27.8m.—more than the company's capital—in spite of selling 1,300 workers since last July. GM-H reported a \$A8.4m. deficit

—its first loss since it began local operations in 1948.

Ford earned \$A4m. in 1977, but it was the lowest result since 1966 and compared with \$A22.5m. in 1976.

The essential problem is that the local industry cannot sell its products, in spite of high tariff barriers and import quotas and the rising value of the Japanese yen, which is eroding the competitiveness of imported Japanese vehicles. The Australian consumer has slowed down purchases of new vehicles.

The result was that 1977 was one of the worst years ever for the local manufacturers. Total registrations of new vehicles dropped 7 per cent. from 603,000 units to 560,000. The most optimistic forecasts for 1978 are for registrations of between 570,000 and 580,000 but the January figures, and the indications to date for February suggest that the figure will fall well short of this level.

Alarmed at the trend in the industry, which is one of the major employment areas, the Federal Government last October promised the manufacturers that high protection against imports would be continued until at least the end of 1979 with the prospect that it will continue well beyond that point.

Arrangements to ensure that

the market was not disrupted beyond that period would be determined in 1979. The Government rejected a recommendation from the IAC that the policy to guarantee the local industry 80 per cent. of sales should end on December 1979. It decided that the present tariff rate of 45 per cent. for passenger vehicles would continue until December 1980.

A provision for lower tariffs when imports fell below 20 per cent. of total registrations would be suspended until that date.

These steps were taken despite claims by the IAC that the high levels of assistance to the industry would result in a significant and pervasive cost increase throughout the economy.

The commission also suggested that the increased cost of motor vehicles had contributed to a significant degree in the inflationary spiral, and questioned whether the government's protectionist policies would preserve employment in the industry.

## Labour situation

The unions are also questioning this trend. In fact the Vehicle Builders' Employees' Federation, which controls 55 per cent. of the vehicle building workforce, earlier this month attempted to take matters into

its own hands and banned the employment of any more workers in the industry.

The union said that it had decided to "close the books" of its membership. No new union members would be accepted until the major motor vehicle companies were prepared to discuss the labour situation and future job security of workers in the industry.

The union's federal secretary, Mr. Len Townsend, claimed that the workforce in the industry had declined by 12 per cent. over the past year and that to "delay the control of labour any longer would be a case of shutting the stable door after the horse had bolted."

The motor vehicle companies, predictably, have stated they cannot agree to the union ultimatum and that labour requirements are matters for their management to decide. Senior union officials believe that the ban will be ignored by some States, and other unions in the industry, particularly as some companies were employing workers. But the ban is symptomatic of the state of the industry.

Worried at the slump, the Government is keeping its options open on import quotas and has declined to set a figure on an interim allocation for imports in case sales fall below

estimates. If this is the case the quotas, when they are set, appear likely to reflect this situation.

On top of this move the Government is considering extending the 80 per cent. local market guarantee to cover light commercial vehicles as well as passenger vehicles. Local manufacturers have for some time complained that imported vans and four wheel vehicles have been making inroads into passenger vehicle sales.

## Dilemma

The Government has asked the IAC to report by the end of April on whether 80 per cent. of the light commercial vehicle market should be reserved for local manufacturers. It will also consider the possibility of increasing the rate of duty and intra-union local content plan for this segment of the market. At the moment light commercial vehicles come into the country at a duty rate of only 15 per cent., and do not have to comply with the same local design rules. The dilemma facing the Government is that increased protection for local light commercial vehicles could also result in a sharp increase in unemployment among dealers and distributors handling imported vehicles. There appears no easy road for the Government to travel.

## Wheelock Marden moves ahead

BY DANIEL NELSON

HONG KONG, March 20.

WHEELOCK MARDEN, the Hong Kong-based property and trading group, continued to climb away from its 1975 profit low of \$HK30m. with a consolidated post-tax profit of \$HK38.8m. for the six months to September 30. The figure is \$HK6.2m. higher than the corresponding period last year.

There are also unspecified extraordinary profits which will be transferred to capital reserve. Mr. John Marden, the chairman, wants that the figures should not be taken as indicative of the final profit for the year because profits accrue on an uneven basis throughout the financial year. But he adds that operations for the nine months to December show an improvement over the comparable nine months of 1976.

The interim dividend is five cents per share (SHEK 1 share) and 0.5 cents per share (SHEK 1 share), absorbing \$HK13.97m. The directors expect to recommend a final of not less than

10 cents per A share and one cent per B share. Last October, Marden forecast that profits would be higher than the \$HK64.18m. achieved in 1977 and that the dividend would not be less than 12.5 cents and 1.25 cents for A and B shares respectively.

The chairman said that the group's subsidiaries—Allied Investors Corporation, Beaufort Holdings, Harriman Holdings, Hongkong Realty and Trust, Lane Crawford and Wheelock Maritime International—had all reported favourable trends; good results had been achieved overall by the non-quoted Hongkong subsidiaries.

He reported that Realty Development Corporation had a slight reduction in rental income and that Mr. John Cheung's 3.45 per cent. share in Realty's activities.

Operations in Japan and Indonesia showed continued growth. Australia was clearly again disappointing and Mr. Nelson from Hong Kong.

Marden added that the establishment and overheads there are being reduced but the company's presence in the area would be maintained "for the present" to enable us to take advantage of any improvement in the business climate for external investors which might occur within a reasonable future period.

HUTCHISON Properties' 1977 profit fell from \$HK5.23m. to \$HK2.14m. (US\$4.7m.), but the final dividend is increased to 43 cents, making a total of 53 cents. Daniel Nelson writes from Hong Kong.

HONG KONG Aircraft Engineering announced a \$HK30.31m. (US\$4.6m.) profit for 1977 (up 14.28 per cent.) and a final dividend of \$HK2.20 (SHEK 2) for a total of \$HK3.20, writes Daniel Nelson from Hong Kong.

## AUSTRALIAN COMPANIES

## Email lifts earnings

By Our Own Correspondent

EMAIL, major electrical appliances maker, more than doubled earnings in the year to December 31, from \$A5m. to \$A9.2m. (US\$7.1m.). The strong recovery more than makes up ground lost over the past two years.

The directors said the substantially improved result was due to management performance, cost control, technological advances, termination of unprofitable activities and a growth in overseas business. They said that it was too early to assess the trend in the current year, but that further improvement in the economy and stable industrial relations should allow a satisfactory result.

The dividend is increased from 6.5 cents a share to 9 cents.

ADVERTISER Newspapers, Adelaide-based newspaper and media group, has raised its dividend from 10 cents to 12.5 cents a share following a rise in profit of a third for 1977.

## Bond sells Yanchep resort stake

BY JAMES FORTH

SYDNEY, March 20.

BOND CORPORATION, controlled by Western Australian businessman, Mr. Alan Bond, has sold its 51 per cent. interest in the Yanchep San City Western Australia resort development project to the Japanese partner, Tokyu Corporation. Bond bought 7,000 hectares at Yanchep, 35 miles north of Perth in the late sixties.

The directors of Bond Corporation said that the economic reversals suffered in Australia severely affected the continuance of the Yanchep project. It was preferable for Yanchep to be controlled by one party. When Bond Corporation was granted its option a proposal was made to the Australian Government to acquire the whole of the Yanchep project. But the directors were told this would be in conflict with the Government's present policy of maximum restraint on Government spending.

It would also cut across a number of areas of assistance that the Federal Government extended to the States, local governments and various other organisations. Moreover, the economic downturn created liquidity difficulties within Bond Corporation, and the group in recent years has sold several of

its assets, including a controlling interest in Robe River, which holds 35 per cent. of the Robe River iron ore project in Western Australia.

Bond Corporation had an option to acquire Tokyu's 49 per cent. stake in Yanchep which ran out last week.

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Bond Corporation had there-fore sold its 6.12m. shares in Yanchep to Tokyu for almost \$A1.7m. and had also been released from its guarantees relating to the venture.

W. R. Carpenter

W. R. CARPENTER Holdings, the diversified industrial group, has held its interim dividend at 5.5 cents, although earnings in the first half-year fell well short of the payout requirement.

Group profit dropped from \$A4.8m. to \$A4.57m. higher than in 1976-77.

(SUS\$520,000 in the December half-year, despite a 22.6 per cent. rise in turnover to \$A109m. (SUS\$124m.).

The major factor was a \$A3m. extraordinary provision by the finance company subsidiary against losses on property loans and development projects. The finance offshoot also incurred a trading loss. Other factors were a 23 per cent. drop in profit of the Fijian operations and losses in the apparel division.

Despite the setback, the directors expect earnings for the full year to be about 10 per cent. higher than in 1976-77.

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## UOB floating rate issue

BY H. F. LEE

SINGAPORE, March 20.

THE UNITED OVERSEAS BANK (UOB), a leading Singapore U.S. dollar FRCD issue in Singapore bank, will be issuing \$US15m. more since November last year, worth of floating rate certificates when with the active encouragement of deposits (FRCDs).

The three-year FRCD issue, of Singapore, the first such issue which is the first to be floated was launched by a Singapore bank will carry an interest rate of 1 per cent. were by foreign banks, mainly inter-bank offered rate (LIBOR) Japanese banks. The amount for U.S. dollar deposits, and will be raised by these six issues total priced at par, led \$US105m.

This announcement appears as a matter of record only.

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AGENT

FEBRUARY 24, 1978







# Soaking up the oil surplus

Arab shareholders as well as participation by big Western banks including Societe Generale, the Midland Bank and Credit Suisse. Another to set up in Britain in 1977 with representatives from all four banks is Banque whose shareholders include a number of private Arab interests as well as major Western banks such as Manufacturers Hanover International and Banque de L'Union Europeenne.

Another large Paris-based consortium bank is Banque Arabe et Internationale d'Investissement, half of whose capital is owned by shareholders in the Middle East. (Kuwait, Libya and elsewhere) and half by major Western banks, including Barclays Bank International and Banque Nationale de Paris.

Dresdner Bank and Bank of America in January 1979 announced that the BAI group was

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\* The Eurocurrency business of London based consortium banks.  
 \* Medium term deposits as a percentage of medium term loans.

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## CAPITAL AVAILABLE

U.K. company with European principals having technical and world-wide marketing expertise wishes to associate and arrange manufacture or offer engineering services to high technology participants in a small to medium-size company, who manufacturer or offer engineering services to high technology industries. Electronics or instruments would be of particular interest.

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## FOR SALE SUBSTANTIAL SELF CATERING COTTAGE

Turnover in excess of £200,000 p.a. yielding a commission base of £38,000 p.a. The agency which is located in the Home Counties close to London has been operating successfully for a number of years and is one of the leaders in its field.  
Principals only write Box G.1622, Financial Times, 10, Cannon Street, EC4P 4BY.

## PORTUGAL

Do you have local management problems with your Portuguese interests, or wish to take advantage of opportunities that are presenting themselves in this country?

British Businessman, Resident Portugal for 6 years. Experienced in general management, industry and import/export. Wide contact, business, diplomatic and professional.  
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Are you represented in America? We have a Trading Office in Houston headed by one of our British Executives. Enquiries from companies requiring representation in the U.S.A. are welcome. Write Box G.1644, Financial Times, 10, Cannon Street, EC4P 4BY.

## MANCHESTER-BASED

Distributors of plastic pipe goods, various recreation and leisure products, and office premises in prime trading area. Would consider a merger with a wholesaler or distributor company - any product considered.

Interested parties, such as joint use of warehousing facilities or other commercial arrangements, would agree in confidence to Box G.1646, Financial Times, 10, Cannon Street, EC4P 4BY.

## FOR SALE

Road transport concern, large freehold depot with office, workshops, storage facilities, in north Lincolnshire. Excellent range vehicles and trailers. Majority on contract. T/O £350,000 with consistent profits. Would agree to merge or outright sale. Principals only please write Box G.1639, Financial Times, 10, Cannon Street, EC4P 4BY.

## SPARE CAPACITY

Do you require a product to manufacture to take up spare capacity?

Write Box G.1632, Financial Times, 10, Cannon Street, EC4P 4BY.

## BUILDING COMPANY FOR SALE

North London Contractors. Turnover approx. £1,000,000 Long standing connections. Price required £100,000.

Principals need only apply to: Box G.1656, Financial Times, 10, Cannon Street, EC4P 4BY.

## CASH 'N' CARRY

Restaurant sale. London business dealing in General Household goods. T/O £1.3m. G.P. £165,000. N.P. £105,000. Price £300,000 plus Stock. Marvellous opportunity for hardworking entrepreneur.

Write Box G.1651, Financial Times, 10, Cannon Street, EC4P 4BY.

## WE ARE SEEKING FINISHING MATERIALS

For floors, walls, ceilings and roofs, suitable for the domestic and commercial building and home improvement market. Can you please put us in touch with suitable manufacturers.

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## QUALITY INSURANCE BROKERAGE

Established Brokerage, with first class management and clientele, based mainly in London area. Fire and accident commission income £50,000 p.a. and U.K. and overseas reinsurance commission of £25,000 p.a.

£100,000 equity is available at a price of £75,000. Active participation required. £250,000 an option and the balance by arrangement. Principals only. Write Box G.1255, Financial Times, 10, Cannon Street, EC4P 4BY.

## MENSWEAR-RETAIL

A private investor with £50,000 - available, would like to meet a top-top entrepreneur who wishes to develop trading on his own account. Every reply treated in the strictest of confidence. The advertiser has never lost and does not now have any connection with the menswear trade.

## PHARMACEUTICAL LABORATORIES IN SPAIN FOR SALE

Modern building, 8,000 square metres in size, complete with sophisticated technical and scientific equipment, situated in an unspoilt area only fifteen minutes from Madrid.  
25,000 square metre site facing main motorway in impressive natural surroundings of gardens, trees and lawns. Architect-designed, fully-furnished, air-conditioned offices and executive penthouse, built in 2,500 square metres of terraces. Parking for 200 cars. All facilities, including independent water supply, electricity, power station, staff and executive canteen and gate house. Expansion on to adjacent areas permitted by local council. List of registered products includes modern antibiotics and ethical pharmaceuticals. Current annual sales of \$2,500,000. Great growth potential. Elderly owner willing to retire. Exceptional offer at US\$4,000,000.  
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## FINANCE

we seek representation for **CONFIRMING HOUSES** seeking business from **MANUFACTURERS** and **IMPORTING HOUSES** in **KENYA**  
Write in confidence: **COMMERCIAL AND INDUSTRIAL CREDIT LTD.** P.O. Box 43579, Nairobi, Kenya. Telex 22229, Tel. 27322, 22106.

## FOR SALE

**Northern-based Tanker Haulage Company**  
**FLEET OF 50 VEHICLES**  
**MODERN DEPOT FACILITIES**  
**T/O approx £1m. per annum**  
For further information apply to Box G.1648, Financial Times, 10, Cannon Street, EC4P 4BY.

## PLASTICS INJECTION MOULDING

A progressive and profitable South London plastics injection moulding company seeks further expansion, either by association or merger with product oriented organisation using plastics moulding, for a marketing organisation concerned with the development of new products.  
Write Box G.1616, Financial Times, 10, Cannon Street, EC4P 4BY.

## CAPITAL LOSSES

Company with agreed substantial Capital Losses required, preferably in investment, publishing, printing or bookselling field.  
Box G.1616, Financial Times, 10, Cannon Street, EC4P 4BY.

## PROPERTY INVESTMENT COMPANY FOR SALE

Sole asset industrial investment Central London, excellent building.  
Substantial tenant FR&I lease of £12,250 p.a. excl. Revenue and £700,000. Approx. available.  
Write Box G.1649, Financial Times, 10, Cannon Street, EC4P 4BY.

## MANAGING DIRECTOR of THRU STEAM

London's specialists in the maintenance and conservation of luxury home furnishings, wishes to find two full-time working partners to independently develop major areas north and south of the Thames. An investment of £8,000 is required.  
Write or ring:  
Mr. James, 63 Charlotte Street, London W1. Tel: 01-580 5457

## PLANT HIRE COMPANY FOR SALE

Main activities in Midlands. Three quarters of a million pound turnover approximately per annum, property/Plant approximately £300,000. Replies must state proof of financial ability to purchase. Principals need only apply to:  
Box G.1655, Financial Times, 10, Cannon Street, EC4P 4BY.

## FOR SALE BY TENDER

Old established lighting business trading under the name of Hume. Akins (Lighting) with turnover averaging £41,700 per month with order book of £174,000.  
Applications to: **THORNTON BAKER & CO.,** 49 Mill Street, Bradford.

## BUILDING GROUP REQUIRE PURCHASER

for whole or separate divisions. Con- creting division £10,000,000 per annum, semi-national. Private Housing division with land bank for 400 units. Industrial division with 11 acres approximately on three sites.  
Write Box G.1656, Financial Times, 10, Cannon Street, EC4P 4BY.

## Business and Investment Opportunities

Every Tuesday and Thursday  
Rate: £16 per single column centimetre. Minimum 3 centimetres. For further information contact: **Francis Phillips, Financial Times, 10 Cannon Street, EC4P 4BY. Telex: 885033.**  
01-248 4782 & 01-248 5161



## WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

## Further rally in heavy early trade

## Franc volatile

BY OUR WALL STREET CORRESPONDENT

LAST WEEK'S recovery move on Wall Street was taken a good stage further this morning, although some of the impetus was lost by mid-session.

Business was heavy, with volume coming to 20.66m. shares, compared with 18.75m. at 1 p.m. last Friday.

Closing prices and market reports were not available for this edition.

The Dow Jones Industrial Average, after registering a fresh rise of 3.89 at 10.30 a.m., eased back to 772.00 at 1.30 p.m. for a net improvement of 3.28. The NYSE All-Share Index rose 1.51 to 381.50.

Analysts said investors were encouraged by indications that the Government will move more forcefully to fight inflation. The dollar's gains abroad, hopes of a cool strike settlement and the Left-Wing election defeat in France were also seen as positive factors.

Exxon rose 31 to \$36.10, the company could not account for the stock's activity.

Kennecott Copper fell 12 to \$23 before trading was halted — Curtis-Wright owns nearly 10 per cent of the equity.

Hercules, the volume leader, lost 3 to \$14, while the next active was Armstrong Cork, unchanged at \$10.

Actively-traded Macy's Petroleum retreated 11 to \$32.

Hughes Tool, on lower earnings, dropped 21 to \$31.

THE AMERICAN SE Market Value Index registered a fresh improvement of 0.53 at 127.88 at 1 p.m. following a 2.08m. share volume (2.25m.).

Resorts International "A" rose 11 to \$24 in active trading.

## OTHER MARKETS

## Canada firmer

Stocks also made further progress on Canadian Markets in moderate early activity yesterday, although the market remained a weak exception, retreating 3.4 more to 1,971.70 on index at noon.

The Toronto Composite Index hardened 2.2 to 1,048.5, while Metals and Minerals put on 3.2 to 549.8, Banks 0.58 to 249.42, and Utilities 0.87 to 164.31.

Cornat gained 11 to \$51, and Versatile Manufacturing "A" \$1 to \$12 — trading resumed at noon following news that the two plan to amalgamate.

PARIS — The market rose very strongly over a broad front following the substantial election victory of the Centre-Right coalition, which has also brought about a firming of the franc and a fall in day-to-day money.

The Paris Bourse index closed 3.44 per cent, up on the day at 1,971.70.

at the end of a session extended by 45 minutes.

The only French issue to fall on the forward market was the 44 per cent, 1972, Napoleon-linked Government Bond, which rose up to Frs.22.10 to Frs.99.

Marine-Wendel was unquoted throughout because of an overwhelming influx of buying orders, while many other shares were unquoted initially.

Pierrefitte-Ayble closed 20.6 per cent, up, while Metal and Sauter closed 15.6 per cent, up, as did Chiffre-Chatillon.

BRUSSELS — Local shares were generally firmer in more lively trading.

Wagon-Lits, which announced a dividend rise, gained ground, but Arbed fell 50 to B.Frs.2,370 on omitting its dividend for the second year running.

Electrolux put on 70 to B.Frs.6,100 and Sofina added 55 to B.Frs.3,090.

AMSTERDAM — Market continued to move irregularly in thin trading.

Royal Dutch put on Frs.1.00 in International while, elsewhere, KNSM, Fokker and VNP made progress, while VAM Ommeers declined Frs.3.00.

GERMANY — Share prices closed slightly firmer overall, with strong gains of between 5 and 10 marks occurring in French

stocks following the ruling coalition's election victory.

Thomson-Brandt rose DM10 to DM87 and St. Gobain DM35 to DM71.

German issues firmed early, but leading Banks, Chemicals and Electricals all came back later to little changed on the day.

Bonds were very quiet, with Public Authority issues showing promisingly, but the Government's new 10-year bond, which was sold at a discount, was not bought in either direction.

Price movements in all sectors were small, but larger advances were shown by Gerolken-Buehrle Beater and Forst among Financials and Bears' shares, and Nestle and Alumnus among Industrials.

Jelmoli shed 25 to Sw.Frs.1,335, the dividend increase having caused the share to fall.

MILAN — Prices moved ahead over a broad front in moderate trading at the start of the new

Account. The Milan Industrial Index

rose 1.87 to 1,897.

There was no clear trend in Mining issues where Central

foreman retreated 30 cents to \$4.80 on the lower Gold Bullion price. Queensland Mines shed 5 cents to \$4.55, but Pancontinental recovered 10 cents to \$4.90.

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NEW YORK, March 20.

The French franc was slightly firmer on balance against the U.S. dollar yesterday, following the Government coalition victory in the French general election.

Trading was very nervous at the start however, with dealers' quotations to set an opening level. Quotations were around Fr.Frs.453.45 in early business, but quickly settled at Fr.Frs.450.00.

The dollar was rather weak against most major currencies in early trading, but tended to improve, helped by intervention by European central banks.

The dollar fell to a low point of Sw.Frs.1,820, but closed at Sw.Frs.1,815, compared with Sw.Frs.1,815 previously, and touched a low level of 2,282.50 in the afternoon, before closing at 2,231.44, compared with 2,280.50 on Friday.

The dollar's index, as calculated by the Bank of England, fell to 85.7 from 86.8, Sterling's index declined to 63.9 from 64.1, after standing at 63.9 at noon and 63.9 in early trading.

Sterling lost 35 points against the dollar, to close at \$1,905.19.

Gold fell 94 to \$179.30 in heavy trading. Fears of gold sales by the U.S. Treasury continued to depress the market, and the metal

declined to a low of \$179.30, compared with \$179.30 on Friday.

There was no clear trend in Mining issues where Central

foreman retreated 30 cents to \$4.80 on the lower Gold Bullion price. Queensland Mines shed 5 cents to \$4.55, but Pancontinental recovered 10 cents to \$4.90.

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### GOLD MARKET

Gold Bullion: 1,166.70 (1978) 1,166.70  
 Gold Bars: 1,166.70 (1978) 1,166.70  
 Gold Coins: 1,166.70 (1978) 1,166.70  
 Gold Jewelry: 1,166.70 (1978) 1,166.70  
 Gold Watch: 1,166.70 (1978) 1,166.70  
 Gold Ring: 1,166.70 (1978) 1,166.70  
 Gold Bracelet: 1,166.70 (1978) 1,166.70  
 Gold Chain: 1,166.70 (1978) 1,166.70  
 Gold Earrings: 1,166.70 (1978) 1,166.70  
 Gold Necklace: 1,166.70 (1978) 1,166.70  
 Gold Pendant: 1,166.70 (1978) 1,166.70  
 Gold Brooch: 1,166.70 (1978) 1,166.70  
 Gold Pin: 1,166.70 (1978) 1,166.70  
 Gold Tie: 1,166.70 (1978) 1,166.70  
 Gold Scarf: 1,166.70 (1978) 1,166.70  
 Gold Glove: 1,166.70 (1978) 1,166.70  
 Gold Hat: 1,166.70 (1978) 1,166.70  
 Gold Shoes: 1,166.70 (1978) 1,166.70  
 Gold Bag: 1,166.70 (1978) 1,166.70  
 Gold Case: 1,166.70 (1978) 1,166.70  
 Gold Box: 1,166.70 (1978) 1,166.70  
 Gold Jar: 1,166.70 (1978) 1,166.70  
 Gold Pot: 1,166.70 (1978) 1,166.70  
 Gold Cup: 1,166.70 (1978) 1,166.70  
 Gold Bowl: 1,166.70 (1978) 1,166.70  
 Gold Plate: 1,166.70 (1978) 1,166.70  
 Gold Dish: 1,166.70 (1978) 1,166.70  
 Gold Tray: 1,166.70 (1978) 1,166.70  
 Gold Stand: 1,1







## STOCK EXCHANGE REPORT

# Golds and Gilt-edged down again but equities steady

## Share index hardens 1.4 to 458.6—BP rally continues

## Account Dealing Dates

Option  
First Declared Last Account  
Dealings Dealings Day  
Feb. 27 Mar. 9 Mar. 21  
Mar. 13 Mar. 30 Mar. 31 Apr. 11  
Apr. 3 Apr. 13 Apr. 14 Apr. 25

\* New time "dealings" may take place from 1.30 a.m. two business days earlier.

Continued general disinvestment in South African Gold shares, down for the fourth successive trading day, provided the backdrop for otherwise disinterested stock markets yesterday. Fears of U.S. Treasury gold sales being part of another and larger package to strengthen the dollar and the resultant further decline in the bullion price held responsible for the latest shift in attitude on the part of holders. Midland Bank's expected change of policy regarding loans to South Africa was also reflected in sentiment.

British funds ran back further as potential buyers continued to hold off after the recent good run. Shorts finished the day a fraction easier, while losses of 8 p after 4 were recorded in the long. The Government Securities index eased 0.28 more to 75.37. In contrast, equity markets made a steady to firm showing despite the paucity of business, official markings of 4.088 were the lowest so far this year. Leading issues moved within extremely narrow limits before closing a shade lower on the day and this was reflected in the FT 30-share index which touched its lowest of the day at 11 a.m. with a fall of 0.8, and closed a net 1.4 higher at 458.6.

Among the few noteworthy movements, British Petroleum, up 10 more at 77.5p, continued to rally following fresh Press comment on last Thursday's results, but GEC, down a penny at 246p, after 243p, remained a nervous market, with confirmation that a leading broker had downgraded its profits projection for the company.

Activity generally was restrained by the approaching Easter holiday and by week-end Press speculation about the possibility of an early General Election. Nevertheless, there were several features in secondary issues mainly resulting from trading transactions.

## Gilt's lack support

A slightly firmer tone in opening Gilt-edged dealings failed to last, and in an effort to promote trade ahead of the Easter holiday, dealers lowered quotations for the longer maturities. The move met with little success, however, and although the close was a shade above the worst widespread losses extending to 1/2 were still apparent at the end of a calm and dismal trade. Business among the shorts was also light but an occasional demand around midday reduced the falls to marginal proportions.

portions, generally of 1/2. The top Exchange 2 1/2 pence, 1983 re-acted 3/4 to 98 1/2, which is 1/2 below the level thought to be the Government broker's next selling price. Corporations were not entirely dull, the isolated rise of 3/4 contrasting with losses ranging to that amount, but Southern Rhodesian bonds were untested.

Renewed institutional demand, part of which reflected the need to obtain investment currency for the purpose of investment in U.S. securities, easily outstripped supply and the premium rebounded to close 1/4 up at the day's highest of 96 1/2 per cent. Reports of a further and larger package aimed at defending the dollar being in the bullion price held responsible for the latest shift in attitude on the part of holders. Midland Bank's expected change of policy regarding loans to South Africa was also reflected in sentiment.

## Lon. Scot. Fin. good

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(Miscel.)

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## Elected Lords proposed by Tory group

BY RUPERT CORNWELL

SWEEPING PROPOSALS for a reorganisation of the House of Lords, its membership cut from 1,139 to 430, were made yesterday by a study group of Tory peers and MPs headed by Lord Home, former Prime Minister. About two-thirds of the Lords' members would be elected by a form of proportional representation.

### Abolition fear

The committee was appointed 14 months ago by Mrs. Margaret Thatcher. Its aim was to secure a viable second Chamber in the face of Labour Party threats to abolish the Lords outright.

"If the House of Lords were to be abolished, and nothing put in its place, it would be possible for a Government with even a tiny Commons majority to put through the most radical changes without fear of restraints, and even to prolong its own life," said Lord Home.

### Safeguard

It sets out to provide a sound basis on which the Upper House can perform its two main functions of revising legislation and acting as a safeguard against constitutional abuse which, it concludes, is "anachronistic" and "amateurish" structure of the Lords.

The report's retention of PR, despite the known hostility of Mrs. Thatcher to any change in Britain's first-past-the-post electoral system, caused some surprise at Westminster. But the committee says that PR, which would deny any party an overall majority in the Lords, would be suitable for what was essentially a scrutinising Chamber.

Details of report and new peers, Page 8; Editorial Comment, Page 22

## OIL SLICK FROM TANKER 50 MILES OFF CHANNEL ISLES

### Threat of pollution grows

BY MARK WEBSTER IN BREST AND IAN HARGREAVES IN LONDON

GALE-FORCE winds last night were threatening to cause further massive pollution to the Brittany coast from the grounded Amoco Cadiz supertanker.

Winds and sea currents pushed a 400-square-mile oil slick 20 miles closer to the Channel Islands and by yesterday evening there was oil within 50 miles of Guernsey and 70 miles of South Devon.

Almost half the ship's 220,000-ton cargo of light crude is now thought to have been lost. As the French pollution-fighting force was strengthened by nine vessels from Britain, controversy grew about what happened in the final hours before the out-of-control vessel drifted on to the rocks.

Two conflicting accounts have emerged of the early hours of the attempted rescue of the Amoco Cadiz, which is owned by Bugier of Hamburg.

Bugier issued a statement flatly denying what it called "slandering reports that it had delayed assistance to the rudderless tanker because the tug captain and the tanker master could not agree terms of a towing contract."

According to Bugier, the Amoco Cadiz, by the Brest-based tug Pacific, which is owned by Bugier of Hamburg.

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heavily, the tug pulled and the rope snapped. Further repeated efforts to get a main line abroad failed and twice lighter cables snapped under the strain.

Eventually, Bugier says, a line was put on board but "it turned out that a tug of 10,000 bhp simply did not suffice to drag the fully-laden tanker of some 300,000 dwt and a draft of almost 30 metres, away from the coast into deeper water against nature's forces."

In spite of running her engines at full, the tug was only able to slow down the rate of drift, hoping for the arrival of another Bugier tug, the Simson. The Simson arrived 11 hours after the Amoco Cadiz hit the rocks.

At 21.30, the ship's engine room flooded, and at 22.00, the crew mustered to be collected by a helicopter at 01.45 on Friday. At 04.00 hours, the vessel started to smash against the rocks and shortly afterwards, the captain was lifted off.

The French authorities say the first indication they had of the seriousness of the tanker's predicament was when a dozen emergency rockets were fired from the ship, once it had gone aground, by Captain Leslie Maynard, the P & O safety con-

sultant on board the Amoco Cadiz for a crew training voyage. An official inquiry is expected to be announced into the wreck shortly, either by the French authorities or the Liberian Government, under whose flag the supertanker was registered.

Mr. Stanley Clinton Davis, the Trade Under Secretary, told the Commons that he would seek an early meeting with his French opposite number to discuss the implications of the incident.

In the Channel Islands, fishermen experimented with inflated hoses pipes for possible use as a boom across harbour mouths to halt the progress of the slick. But the indications last night were that winds were likely to change and push the oil back towards France.

Emergency supplies of chemical dispersants have been sent to the islands and U.K. dispersant manufacturers placed on alert.

Mr. Denis Howell, who has so far dealt with droughts, blizzards and flooding, has been nominated by the Prime Minister to lead the pollution fight if the oil does reach Britain. In one of the incident's few lighter moments, Mr. Clinton Davis said: "We hope he will bring his usual luck to bear in this matter."

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### GROSS DOMESTIC PRODUCT

	GDP average estimate 1970=100	Trading profits net of stock appreciation £bn.
1975	107.2	5.624
1976	109.7	7.219
1977	110.6	10.746
1978 1st	109.0	1.339
2nd	109.4	1.786
3rd	109.4	1.741
4th	111.1	2.153
1977 1st	110.3	2.239
2nd	110.8	2.400
3rd	110.5	2.261
4th	110.6	2.266

All seasons adjusted  
Source: Central Statistical Office

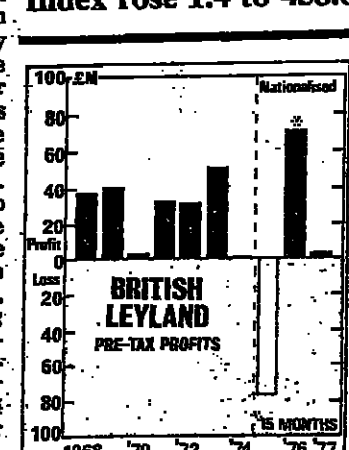
virtually no movement throughout 1977. The output index, usually regarded as the best indicator of short-term movements, rose by 0.2 points to 110.8 (100=1970, seasonally adjusted) between the third and fourth quarters and was only 0.6 points up on its level a year before.

Manufacturing production was down slightly between the two quarters, but after a good harvest agricultural output was up 4 points to 114 compared with the third quarter and by 17 points on the same period in 1976.

## THE LEX COLUMN

### The relief of the Paris Bourse

Index rose 1.4 to 458.6



Those who trusted in French conservatism and bought French shares in defiance of opinion polls and just about every French political observer, have been well rewarded for their faith. In six remarkable days of trading on the Paris bourse the better known shares have risen an average of 25 per cent.

The left-wing's failure to come to power allowed the shares of companies that were earmarked for nationalisation to bob up like corks. The banks, because of their underlying business strength, were conspicuous in this respect. Compagnie Bancaire gained 37 per cent over the week to Fr.354 while Paribas put on 30 per cent to Fr.191.5.

Among the French glamour stocks, Matra was so much in vogue that it was, quite literally, unbuyable yesterday. The election week has taken its price up by 47 per cent to Fr.1550. The rest of the elite tended to underperform but still showed gains of between 15 and 30 per cent, and Club Méditerranée, for instance, was last night yielding an exiguous 1.7 per cent.

Yesterday's trading session, though lively, was no repeat of the extraordinary events last Monday when realisation of the Left's failure first dawned on French investors. There was stock on offer yesterday and the rise over the day of 5.44 per cent was not astounding by bourse standards. It was nevertheless a strong showing for the last day of the account when short term profit-taking was to be expected.

### British Leyland

British Leyland incurred pre-tax losses of £91m. in the second half of 1977, giving it a small profit of just £3m. for the year as a whole. This compares with a trading profit of £704m. for the 15 months to December 1976—a performance which followed losses of £76m. for the year to September 1975. After taking account of extraordinary items the figures look even worse. For 1977 the below-the-line write-offs amounted to £43.9m.—including £24m. for the closure of Speke. So overall losses for 1977 are £51.9m., giving a total attributable deficit for the past three years of £133m.

And that is before taking any account of inflation. In 1976, for example, Leyland estimated that the cost of sales adjustment alone would have amounted to

more than £100m. As usual the main difficulty is on the volume car side which choked up losses of £32m., against a profit of £16m. in the previous period. These figures only go to show how weak Leyland's position is in a time of adverse currency movement. The company is now asking the Government for a much-needed cash injection of £850m. Meantime, the shares which closed unchanged at 22p, are entirely speculative.

### Company profits

The fourth quarter GDP figures underlines the sharp slowdown in corporate profit growth towards the end of last year. Gross trading profits peaked in the first quarter of 1977 and were declining for most of the second six months. Thanks to the sharp slowdown in stock appreciation—it halved between the first and second halves of the year—company profits net of stock appreciation were still rising until the third quarter. However, although fourth quarter profits are 38 per cent up on the comparable period of last year, there has been no growth in real profits between the third and fourth quarters.

### Willis Faber

It was not just the modest 30 per cent advance in Willis Faber's pre-tax profits to £19.6m. which left the market cold yesterday. Rather, the dividend declaration—a total of 13.6p gross—disappointed those punters who had been hoping for 15p gross in Willis's last year of dividend freedom. So the shares dropped 12p to 278p. Like Howden, Willis has been affected by a move to new offices. And as the bulk of costs

is incurred in the U.K. and two-thirds of revenue is earned overseas, the appreciation of the pound brought the ratio expenses to income and pressure. Expenses moved by a fifth, while income advanced only 16 per cent.

With a larger margin than other brokers Willis has been affected on the trading front by the weak premium rates in this class of business. But taxable profits have been supported by a larger expected contribution of £2.6m. from Morgan Grenfell. An investment income slipped around 26m. compared with £4.7m.

The group has entered its current year without the burden of removal costs, and with the longer term advantage a freehold rather than leasehold property. Early forecasts are predicting around £23p pre-tax for the current year. B the shares, yielding 5 per cent are likely to be vulnerable further profit taking.

**Hepworth Ceramic**  
Against the background of takeover talks with Johnson Richards Tiles it was impossible there should be no disappointments over the Hepworth Ceramic results, and in fact profits of £26.7m. pre-tax are just as expected. So the company has maintained its growth rate over two-fifths in the second half as well as the first, though this strength partly reflects its income benefit of the April 1977 rights issue, as well as the initial impact of the U.S. acquisition W. S. Dickey, which contributed £2.2m.

The surprise, perhaps, is that the clayware division has performed remarkably well even allowing for the acquisition. Some highly profitable export have been important here. With the group beginning to open up some useful European market and exports have also been buoyant in refractories, though here they did little more than offset the dullness of the U.K. market.

At 82p the shares represent fair value, with a yield of 8.1 per cent, but there must be some uncertainties about growth prospects in Hepworth's major markets, especially in view of its apparent keenness to diversify into tiles. Still, the company is stepping up capital spending from £12m. to over £20m. this year, spread across all its existing product areas.

## Processing ship may be used to beat Sullom Voe delay

BY RAY DAFTER, ENERGY CORRESPONDENT

OIL COMPANIES with interests in the North Sea Ninian Field are making contingency plans to overcome delays to a crucial part of the £672m. Sullom Voe oil terminal in the Shetland Islands.

One idea being considered is the construction of a £15m. processing ship able to convert gas from the field into liquid petroleum gas (LPG).

Although British shipbuilders would be given an opportunity to bid for the contract—assuming that the scheme goes ahead—oilmen believe the order would probably have to be placed in Japan because of the short delivery period required.

The ship, possibly a converted tanker, would be tied up alongside the oil terminal, handling up to 15,000 barrels of LPG a day. Chevron, operator

for the Ninian Field, it is believed, would like such a Voe system to be installed within a year to 18 months.

This is just one scheme being considered. British Petroleum, which is the terminal's construction and operation, said it was reviewing steps to counter problems which might be caused by delays to the terminal's LPG processing unit.

It is understood that so far a purpose-built ship has not been featured in these considerations. One problem which would have to be faced would be the future employment of the vessel.

BP hopes the processing unit could be on stream late next year—up to nine months behind schedule but probably not much later than the date when a processing ship could be used.

Some of the other members of

the Ninian consortium—including Chevron—believe that Sullom Voe will not be ready before well into 1980. They claim that the construction work has been delayed by the change of terminal management, from Shell to BP, by bad weather, by construction problems, by changes in design and by the sheer engineering complexity of the project.

Chevron and its partners are investing £150m. in the development of the Ninian Field, with its three production platforms, a pipeline to the Shetlands and part of the Sullom Voe terminal. They are anxious that gas, which could yield valuable supplies of fuel and chemical feedstock, should not be flared and wasted for too long.

The field, with an estimated 1bn. to 1.2bn. barrels of recoverable reserves of oil, is due to come on stream in September.

## West German print industry and union reach compromise

BY GUY HAWTIN

FRANKFURT, March 20.

AN UNEASY compromise appears to have ended the dispute between the West German printing industry and IG-Druck, the print union, over the introduction of new electronic production technology.

The only party that can fairly claim to be satisfied with the outcome is the office of Herr Helmut Schmidt, the Federal Chancellor, whose diplomacy brought management and union back to the negotiating table.

Herr Hans-Joerg Wischniewski, Minister of State in the Chancellor's office, is understood to have played a key role in bringing the two sides together under the chairmanship of Herr Josef Stiglitz, head of the Federal Labour Office.

After the settlement was announced to-day, the Social Democrats, senior partners in the ruling coalition, claimed the key factor in getting the management and union back to the negotiating table was the Chancellor's televised appeal for resumption of talks.

It is clear that neither the management nor the union was completely happy with the outcome of the dispute which has cost West German newspaper and magazine publishers many lost editions during the past

couple of months. The employers feel that the agreement went well beyond reasonable social safeguards for employees whose skills would no longer be required after the introduction of cold type and computerised typesetting and layout.

The union appears to believe that this is the best agreement it could have reached in the circumstances without completely blocking the introduction of new technology.

But it has made clear that it is far from satisfied with the safeguards the employers have offered.

At the heart of the dispute, which culminated in the employers imposing a nationwide lockout on all printers belonging to IG-Druck, was the issue of what was to become of the skilled hot-metal printers whose jobs would be expected to disappear with the introduction of the new computerised technology.

Under the terms of the agreement announced to-day, companies introducing the new technology will have to use skilled hot metal typesetters and printers on the video terminals for the next eight years.

Editorial Comment, Page 22

## Scots by-election date set

BY PHILIP RAWSTORNE

THE GLASGOW Garscadden by-election will be held on April 13—two days after the Budget.

A writ for the by-election, which will provide a crucial test of Labour's ability to withstand the Scottish National Party's challenge at the next general election, was issued in the Commons yesterday.

Mr. Donald Dewar, former MP for Aberdeen South, will defend Labour's majority of slightly more than 7,000 votes. His main opponent will be Mr. Keith Bovey, a Glasgow lawyer who was chairman of the Scottish Nationalists campaign committee which planned their victory at Govan in 1973.

The Conservatives are represented by Mr. Iain Lawson, a local man, and the breakaway Scottish Labour Party has entered Mrs. Shiona Farrell. The Liberals are not contesting the seat.

Labour are confident of holding the seat in spite of conflicting opinion polls which have suggested significant advances by the Nationalists and the

Conservatives.

A Labour victory is thought unlikely to persuade Mr. James Callaghan to call a general election before the autumn.

Our Labour Editor writes: Mr. Denis Healey is to be asked to make dispensation in his Budget for immigrant workers whose wives and children are abroad.

Tax allowances for parents are being phased out and replaced with child benefit, paid directly

to the mother. This means, according to a sub-committee of the TUC-Labour Party liaison committee, that some immigrants will be penalised.

It recommends, in a report to the committee yesterday, that the child tax allowance be continued for three years in those cases.

TUC Council move to be criticised Page 8

Continued from Page 1

## Leyland

within Leyland's participation system, also involves a £200m. reduction in net group expenditure or investment up to 1981, compared with previous proposals.

The success or failure of the group in future will depend on

stemming the losses in the car division, Mr. Edwards stressed. Last year it lost £31.9m., as against profits of £26.6m. from commercial vehicles and £8.4m. from special products, mainly because of currency problems—and internal and external disputes.

Continued from Page 1

## Giscard

allegiance to the common programme of the Left within hours of the end of the poll. This reformist Health Minister, who group is the obvious candidate for any Government "enlargement" towards the Left.

Candidates for the premiership range from M. Jacques Chaban-Delmas, a former Gaullist Prime Minister, who was dismissed by President Pompidou, partly because he moved too quickly in the direction of reform, and Frs.4.600, fairly quickly. The partly because of a tax-avoidance scandal; M. Alain Peyrefitte, the Frs.4.9450, and the franc closed nominally Gaullist Justice at Frs.4.6020, compared with Minister, who is on the liberal Frs.4.6140 on Friday.

wing of his party; and Mme Simone Veil, the popular reformist Health Minister, who is close to the President.

Early trading in the French franc was uncertain in London with dealers reluctant to set an opening rate.

Initial quotes were around Frs.4.534-58 in terms of the dollar, but settled at about Frs.4.60 fairly quickly. The lowest level touched was Frs.4.9450, and the franc closed nominally Gaullist Justice at Frs.4.6020, compared with Minister, who is on the liberal Frs.4.6140 on Friday.

## Weather

**U.K. TO-DAY**  
SUNNY intervals, showers. London, S.E. and S.W. E. and Cent. S. England, Midlands, E. Anglia, Channel Islands. Sunny intervals, showers early. Max. 8C (46F).

**Wales**  
Sunny intervals, showers, wintry on hills. Max. 7C (45F). Cent. N., N.W. and N.E. England, Lakes, Isle of Man, Borders, S.W. Scotland.

**Sunny intervals, wintry showers.** Max. 6C (43F). Cent. Highlands, N.E. and N.W. Scotland, Orkney, Shetland.

**Sunny intervals, wintry showers.** Max. 5C (41F). N. Ireland.

**Sunny intervals, wintry showers, rain later.** Max. 6C (43F).

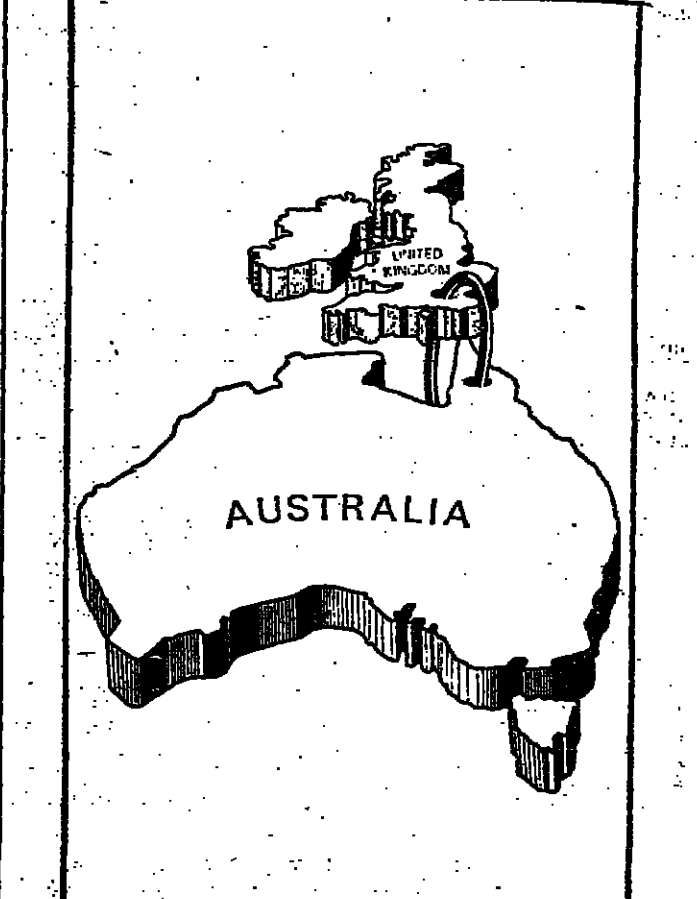
**Outlook:** Rain followed by sunny intervals and showers.

**BUSINESS CENTRES**

City	Y-day	Mid-day	Y-day	Mid-day
Australia	14	15	14	15
Bahrein	14	15	14	15
Bombay	14	15	14	15
Buenos Aires	14	15	14	15
Calcutta	14	15	14	15
Canton	14	15	14	15
Cebu	14	15	14	15
Colon	14	15	14	15
Hankow	14	15	14	15
Harbin	14	15	14	15
Hong Kong	14	15	14	15
Kobe	14	15	14	15
London	14	15	14	15
Lyons	14	15	14	15
Manila	14	15	14	15
Medan	14	15	14	15
Osaka	14	15	14	15
Shanghai	14	15	14	15
Singapore	14	15	14	15
Tokyo	14	15	14	15
Yokohama	14	15	14	15

**HOLIDAY RESORTS**

City	Y-day	Mid-day	Y-day	Mid-day
Algeria	14	15	14	15
Algiers	14	15	14	15
Bahrein	14	15	14	15
Bombay	14	15	14	15
Buenos Aires	14	15	14	15
Calcutta	14	15	14	15
Canton	14	15	14	15
Cebu	14	15	14	15
Colon	14	15	14	15
Hankow	14	15	14	15
Harbin	14	15	14	15
Hong Kong	14	15	14	15
Kobe	14	15	14	15
London	14	15	14	15
Lyons	14	15	14	15
Manila	14	15	14	15
Medan	14	15	14	15
Osaka	14	15	14	15
Shanghai	14	15	14	15
Singapore	14	15	14	15
Tokyo	14	15	14	15
Yokohama	14	15	14	15



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